FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,271 Wednesday September 17 1980 ***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 45; SPAIN Pta 70; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 25p; MALTA 20c

NEWS SUMMARY

GENERAL

Turkish junta lists its aims

General Kenan Evren, Turkey's military leader, said a new Cabinet will be announced this week and a constituent assembly established to pave the way for a return to democracy.

The general said the aims of his junta included the preservation of national unity and a return to civilian administration after legal arrangements had been completed "within a reasonable period."

General Evren said two of Turkey's former leaders, ousted last week in a bloodless coup, may be brought to trial. The ministers are being detained in military camps. Page 2

Libyans jailed for killings

Three Libyans described as "political assassins" were jailed for life at the Old Bailey for the murder of two fellow-countrymen, a journalist and a lawyer, in London.

New arms talks

East-West arms limitation talks may re-open next month as a result of two days of NATO talks in Brussels. Back Page

Hostages move

Iran's Majlis (Parliament) will set up a commission to consider the case of the U.S. hostages held there since last November. The decision is a setback for American hopes of an imminent end to the Iranian crisis. Page 5

Drugs probe

Police in a drugs investigation at the U.S. Air Force base at Upper Heyford, Oxfordshire, have interviewed 75 U.S. servicemen and British civilians.

DC-10 on fire

Several passengers were slightly injured when they slid down emergency chutes from a Pan Am DC-10 jet after fire broke out in a wheel housing as it was taking off from London's Heathrow Airport.

Cheaper petrol

Shell and Esso will provide a discount of up to 2p on a gallon of petrol to selected retailers, opening the way for further price-cutting in highly competitive areas.

TV threatened

Demarcation disputes at studios throughout Britain threaten to disrupt BBC television schedules for the autumn and winter. Page 10

Asylum plea

A Soviet soldier on duty in Afghanistan went to the U.S. Embassy in Kabul to ask for political asylum. His request is being considered.

Trawler arrested

A Spanish trawler was last night being escorted to Plymouth by a Royal Navy ship for allegedly fishing without a licence off Cornwall.

Cubans warned

Cuba warned refugees that anyone attempting to hijack planes to return home will face severe prison sentences or be sent back to the U.S.

Cottage blaze

Police in North Wales believe a fire which damaged a holiday home near Blaenau Ffestiniog may be the work of nationalist extremists.

Briefly . . .

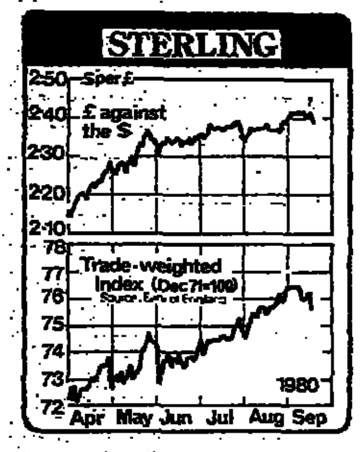
Prices at British Home Stores will be frozen until the end of the year.

Eighteen people were injured when a bus crashed in Bradford.

BUSINESS

Sterling down 1c; equities ease 2.4

● STERLING weakened further in nervous trading, closing 1 cent down at $2.3870. Its trade-weighted index eased to 75.5 (75.6). DOLLAR was generally steady, its index closing at 83.3 (83.4). Page 27



● GOLD was unchanged in London at $669.5. Page 27

● EQUITIES eased further on continuing threat of the docks strike. The 30-share index fell 2.4 to 498.3. Page 40

● GILTS partly recovered early losses. Longs closed about ⅜ down while shorts lost up to ¼. The Government Securities index fell 0.29 to 70.47. Page 40

● WALL STREET was up 9.38 at 947.01 before the close. Page 38

● ITALY'S trade deficit in July rose to L1,767bn (£875m), up L756bn from June and the worst ever reported. Page 3

● OIL PRODUCING countries of OPEC were trying to reach a unanimous agreement on a price indexing system, with Iran and Libya still rejecting the proposals. Back Page

● COVENTRY CLIMAX, the BL forklift truck subsidiary, is discussing possible co-operation with NYK of Japan, which could mean some form of joint venture. Back Page

● BL will cut output at its Cowley plants to 1,900 cars a week, against a capacity of 7,000, for at least two months to prevent a build-up of stocks. Page 8

● STOCK EXCHANGE Council has approved the final draft proposals for the new second tier market, the Unlisted Securities Market, which is expected to open in November. Page 7

● BOWATER-SCOTT, the disposable paper manufacturer, announced preliminary plans for a £70m plant on the Humberside with a target capacity of 30,000 tonnes of tissue a year by 1984-85. Page 7

● SEAMEN'S union has threatened widespread industrial action to prevent Cunard from re-registering two of its three liners under a flag of convenience. Page 10

● PORTUGAL and West Germany signed an investment protection accord which is expected to attract more German investors by safeguarding them from future nationalisation. Page 3

COMPANIES

● WILLIS FABER, insurance brokers, raised taxable profits to £11.94m in the six months to June 30, against £10.06m a year ago. Page 24; Lex, Back Page

● INVERESK GROUP, the papermaking concern, reports losses of £747,000 in the first half, compared with profits of £307,000 a year ago, and has omitted interim dividend. Page 24

● LONDON MERCHANT Securities, the property development and investments group, raised pre-tax profits £2.37m to £7.6m for 1979-80. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES				
Blockleys	90	+	8	
Chambers & Fargus	27	+	5	
Denbyware	88	+	8	
Elder Smith	178	+	10	
Evered	22	+	9	
Executex Clothes	32	+	6	
Fidelity Radio	43	+	6	
GKN	223	+	5	
Marler Estates	90	+	8	
Nrthn. Goldsmiths	86	+	4	
Paradise (B.)	33	+	6	
Pickles (W.)	10	+	2½	
Richards Wallington	49	+	4	
Rowntree Mack'tosh	170	+	4	
St. George's Laund.	85	+	12	
Scholes (G.)	235	+	8	
Sedgwick Forbes	127	+	7	
Sirdar	100	+	8	
Thorn EMI	352	+	8	
Watts Blake	142	+	10	
Willis Faber	248	+	15	
KCA	116	+	8	
Bond Crpn.	138	+	16	
FALLS				
Excheq. 11¼pc '84	£95⅞	−	⅛	
Excheq. 12pc 99-02	£93⅞	−	⅜	
Bridon	54	−	4	
Hambro Life	298	−	7	
Inveresk	24½	−	2½	
Lonrho	103	−	6	
Ofrex	93	−	7	
Rea Brothers	92	−	6	
Sainsbury (J.)	505	−	10	
Stylo	135	−	10	
Wadkin	76	−	4	
Wagon Finance	40	−	3	
MIM	282	−	7	
North Kalgurli	99	−	6	
Otter Exploration	64	−	10	
RTZ	468	−	14	
S. African Land	555	−	20	

Nuclear industry to be reformed by end of month

BY DAVID FISHLOCK, SCIENCE EDITOR

BIG changes in the organisation and management of Britain's nuclear design and construction industry are expected to take effect at the end of this month.

The industry, which builds Britain's nuclear power stations, is abandoning its complex three-tier management structure and the supervisory management role exercised by GEC and its managing director, Sir Arnold Weinstock.

The present organisation was set up in 1974, and aimed to unite three nuclear consortia into a "single strong company," the National Nuclear Corporation (NNC). This has an operating arm, the Nuclear Power Company, which is being supervised by GEC under a contract from the Department of Energy.

In July the Government appointed Mr. Denis Rooney, as full-time chairman of the NNC, replacing Lord Aldington, deputy chairman of GEC, who was the corporation's part-time chairman.

Under the changes now proposed by Mr. Rooney, with the knowledge of Sir Arnold Weinstock, the Nuclear Power Company will disappear. Its contracts and assets are to be transferred to the holding company, NNC.

"Good progress is now being made in achieving the organisational intentions given in the Secretary for Energy's statement of December 18 last," Mr. Rooney said last night.

The changes, once approved by the generating boards, are expected to help accelerate the new 10-year nuclear construction programme.

The revamped NNC will have three shareholders as before: the Government, held by the UK Atomic Energy Authority, 35 per cent; GEC, the largest private shareholder, 30 per cent; and British Nuclear Associates, 35 per cent.

British Nuclear Associates is itself a holding company representing seven private shareholders, including Bagcock International and Northern Engineering Industries.

These shareholders have no individual rights to representation on the NNC board. They ers, including Babcock Intertional rights, although no change is planned for the present, for tax reasons.

The end of the three-tier management structure and the supervisory management contract with GEC was foreshadowed by a Government statement last December, announcing an acceleration of nuclear station construction and a 10-year programme to add at least 10,000 MW of new nuclear capacity.

This programme is expected to give Britain a nuclear electricity capacity of about 22,000 MW, compared with 12,000 MW in operation or under construction today.

The one remaining hurdle to the NNC changes, which Mr. Rooney believes can now be cleared quickly, is formal approval by the electricity generating boards, as customers for its reactors.

A contract for the first British pressurised water reactor is not likely to be placed before 1983, after a public inquiry the Government is planning to hold in the autumn of 1982.

But the Government has said the NNC should assume much more responsibility for this project than is currently the case with the AGR stations.

The NNC board now consists of 10 directors—four executives and six part-time. Mr. Denis Rooney is full-time chairman. Dr. Ned Franklin is managing director. The latest recruit, announced last week, is Mr. Frank Chapple, general secretary of the electricians' union, as non-executive director, bringing the NNC board to its full complement under its articles of association.

Lombard, Page 14

French take over £128m Soviet steel plant contract

BY DAVID WHITE IN PARIS

A GROUP of French companies has contracted to supply equipment worth FFr 1.27bn (£128m) for a steel plant in the Soviet Union which was originally to have been built by a U.S.-Japanese consortium.

The original deal, involving Armco of the U.S. and Japan's Nippon Steel, was called off at the beginning of this year under the U.S. embargo on sales of high technology equipment to the Soviet Union, imposed after the invasion of Afghanistan.

After lengthy negotiations and political controversy over a replacement contract, the French have agreed on a compromise deal which involves supplies of equipment and machines, but not the transfer of knowhow which the Russians had been seeking.

This is likely to mean the plant will not be completed until 1985, much later than was planned.

The plant, at Novolipetsk, South of Moscow, is due to produce alloy steel using a Soviet process, a senior executive of Creusot-Loire, the leader of the French consortium said when confirming the agreement yesterday.

The contract involves five companies: Creusot-Loire Enterprises, the group's plant engineering subsidiary: Heurtey, an engineering company controlled by Paribas; and three other companies belonging to the same group as Creusot-Loire-Clesid, Jeumont-Schneider and Secim.

The French Government is understood to have expressed reservations when negotiations first started after the cancellation of the U.S. deal.

In July the powerful metalworkers' branch of the CGT, the Communist-led French union, demanded explanations from Mr. Raymond Barre, the Prime Minister, about delays in negotiations.

The union said a contract was ready for signature at the beginning of the summer, but that the French Government took a tougher stance against it after coming under pressure from President Jimmy Carter at the Western summit in Venice.

The deal marks the second time in two years that French interests have moved in to pick up a contract called off for political reasons by Washington.

Last year Cii Honeywell Bull, the French-controlled computer venture, sold the Soviet news agency Tass a computer needed for the Moscow Olympics, despite U.S. appeals to other Western countries to show solidarity and refuse to sell a substitute machine.

The original deal with Sperry Univac of the U.S. had been vetoed by President Carter in 1978 in protest against the jailing of dissidents in the Soviet Union.

U.S.-Soviet trade declines, Page 6

Peking office for Midland Bank

BY ANDREW FISHER

MIDLAND BANK will be the first UK bank to open a representative office in Peking, following recent approval by the Chinese authorities.

Accommodation problems in Peking — a constraint on potential banking activities— mean Midland will initially operate out of two suites in the Peking Hotel.

The bank whose Thomas Cook subsidiary has been operating tours to China for several years, may also be the first European bank to achieve full-time representation in China's capital. "We don't know of any other European banks with approval to open there," said Mr. Graham Penny, Midland Bank International's senior executive for Asia and the Pacific region.

Last month First National Bank of Chicago became the first U.S. bank to receive approval for an office in Peking.

Both the Bank of Tokyo and the Export-Import Bank of Japan are represented in Peking, and several Continental banks have also applied for permission to open there.

At present, the only British bank represented in China is Chartered Bank, which has a full branch in Shanghai and a representative office in Canton, where regular trade fairs are held.

Until early this year Midland had a stake in Chartered through its minority holding in Standard Chartered Bank, which it began to reduce in 1979.

Hongkong and Shanghai Bank has long had a branch in Shanghai and has also applied to open an office in Peking, for which it awaits approval. Chartered, however, does not plan such an application.

None of the other three British clearing banks, National Westminster, Lloyds and Barclays, intends to set up offices in Peking, preferring to operate through visits from Hong Kong and London.

The latest moves come as China is beginning to liberalise its economy and trying to encourage Western trade and investment. Midland has had a relationship with the Bank of China since 1915 and with its London branch from its opening in 1929.

Nearly two years ago, Midland put up a big share, $400m, of a special $1.2bn (£500m) credit line agreed by British banking groups for the Bank

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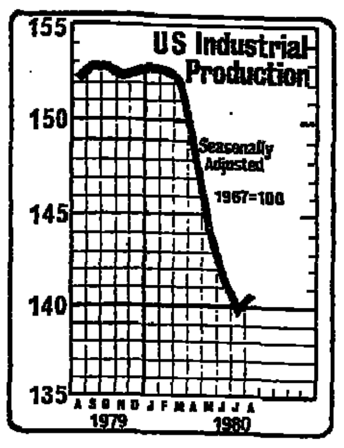


Industrial output up in U.S.

By David Buchan in Washington

INDUSTRIAL production in the U.S. last month rose for the first time since February. The rise was only 0.5 per cent but it reversed a six-month decline that totalled 8.5 per cent, it was reported here yesterday.

The change in the economy's direction, as measured by the industrial production index, was in line with last week's prediction by Dr. Courtenay Slater, the Commerce Department's chief economist, that gross national product would not fall, after all, in the third quarter of 1980.

Dr. Slater's statement that the U.S. recession probably ended in July and recovery began in August contradicted previous predictions that GNP, of which industrial production is a key component, would resume real growth only in the last three months of this year.

At the same time, the drop in industrial output in July was revised yesterday to 1.1 per cent, from the previous estimate of a 1.6 per cent decline.

The August industrial production figures, helped mainly by a sharp 2.4 per cent rise in the production of construction supplies, included one sour note. The level of car assemblies fell 12 per cent last month to an annual rate of 5.6m units. The Federal Reserve Board, which compiles the production index, put this down mainly to parts shortages.

Elsewhere, there was a sharp increase in production of basic metals and components for consumer durable goods last month, but partially offset by a fall in output of business equipment.

The industrial production index now stands at 140.5 compared to 152.7 at the start of 1980.

Docks leader says cash will not end strike

BY PAULINE CLARK, LABOUR STAFF

INCREASED SEVERANCE pay for redundant dockers is not the answer to the docks dispute, Mr. Jimmy Symes, Merseyside docks district secretary of the Transport Union, said yesterday.

"I don't care if the employers offer £80,000," he said. "If they insist on using the temporary unattached register and not re-allocating the 180 men, I say there will be a national dock strike."

The register has previously been used to place dockers awaiting disciplinary hearings. The dockers strongly object to the proposed use of the register at Liverpool to deal with redundant dockers, previously allocated to other port employers.

Employers say they cannot afford to increase the port's surplus labour pool.

Proposals for increasing severance pay so as to encourage more voluntary redundancies among dockers are expected today from a meeting of the National Association of Port Employers.

The Liverpool Dock Labour Board, which represents equally the dockers' leaders and port employers, is also expected to discuss possible increases at a meeting on Friday. The port employers hope that an increase might avert the strike.

The National Union of Railwaymen yesterday told its members not to cross dockers' picket lines or do work normally done by dockers from Monday, when the Transport and General Workers Union has called a national dock strike.

The NUR decision came after a meeting between Mr. Sid Weighell, general secretary of the NUR, and Mr. Alex Kitson, deputy general secretary of the Transport and General Workers' Union, the first arranged by the TGWU in its efforts to win support for its strike decision over 10 redundant dockers in Liverpool.

The Liverpool Dock Labour Board met yesterday to consider the dispute over dockers employed by T and J Harrison, the stevedoring company, and Bulk Cargo Handling Services, who are threatened with redundancy at the end of this month.

No decision was taken yesterday in spite of last week's recommendation by the National Dock Labour Board that the dockers should be allocated to new employers and that the use of the Temporary Unattached Register for placing redundant dockers would be unacceptable.

Fear of jobs "lost forever," Page 10

Inter-City off target

BY LYNTON McLAIN

THE performance of British Rail's Inter-City express train services is falling behind the financial targets agreed between BR and the Transport Department in March.

The Inter-City target is set in terms of the contribution the services make to the total indirect costs of track, signalling, maintenance and administration for the whole railway.

But Government figures at last year's prices show that British Rail Inter-City is likely to contribute only £100m this year to these indirect costs, compared with a target of £120m and a BR's budgeted figure of £102m.

BR which will on Friday announce details of fare rises expected to average about 20 per cent, said last night that the recession had led to successive 2 per cent falls in passenger receipts each month this year. Fares last went up—by up to almost 30 per cent—in January.

The targets for Inter-City were not agreed with the Government until early this year. Last year Inter-City contributed £90m to total indirect costs.

This compares with British Rail's budgeted figure of £106m.

Next year's target figures are not known, but by 1982 British Rail Inter-City services are required, under agreement with the Transport Department, to increase their contribution to indirect costs to £133m at 1979 prices.

British Rail is required by Mr. Norman Fowler, Transport Minister, to set out in its annual report "the achievement of Inter-City towards meeting the agreed targets, and to comment on progress."

£ in New York

—	Sept. 15	previous
Spot	$2.3910-3920	$2.4075-4100
1 month	0.97-0.92 dis.	1.11-1.06 dis
3 months	2.16-2.11 dis.	2.34-2.29 dis
12 months	3.45-3.25 dis.	4.10-3.95 dis

David Tonge, in Izmir, talks to NATO's deputy military commander in Turkey

The Turks remain a formidable foe

THERE IS a lot of land here and I want a lot of soldiers who can kill — Major-General Philip Kaplan, the American who is Deputy Commander of the North Atlantic Treaty Organisation's land headquarters for Turkey, was relaxedly discussing the Turkish armed forces.

He had fought in Korea when the Turks were there and wished he had had them under him in Vietnam. Now he believes that even if the weaponry which has been out in the streets since Friday's coup is ageing, the Turks remain a formidable foe.

The M1 rifle is what I used in Korea. We killed a lot of people with it."

This praise for the Turks is from a man who is a soldier's soldier and who says he misses his battle fatigues and the action. He will be putting his fatigues on one day this month for the NATO exercises now being prepared in the plains and forests south of the Bulgarian border. But the main action evident in the NATO headquarters at the port of Izmir this week was a flurry following Belgium's decision not to take part in the exercises

as a protest against the Turkish coup.

The coup itself had been widely expected throughout Turkey and inside the headquarters it came as no major surprise. NATO officials now put on a cheerful face.

"The prospect of worsening strife had us worried. Something had to be done," one officer said. The spectre of Turkey collapsing from within was a grim one. Now, however, there are hopes that the situation is on the mend.

Gen. Kaplan himself is now preparing to visit the film on Vietnam, "Apocalypse Now," by reading Joseph Conrad's "Heart of Darkness," on which the film is based. For him it remains possible to talk, with only minor qualifications, of Turkey as "one of the few remaining democracies in this part of the Mediterranean."

The NATO headquarters, Landsoutheast, used to be responsible for land forces in both Greece and Turkey. The Greek flag still flutters in the brisk sea breeze, alongside that of the other 14 members of NATO. But since Greece withdrew from the military wing of the alliance in August, 1974, following the Turkish landing in Cyrus, the Greek forces have been under national command. There is now no Greek presence in the headquarters and since July, 1978, the overall command has been transferred from an American to a Turkish general.

NATO believes that in the event of hostilities with the Soviet Union the Warsaw Pact would be likely to make an initial main attack on the vital Turkish strait linking the Black Sea to the Aegean. Stalin's post-war demands for parts of eastern Turkey and for control over the Bosphorous and Dardanelles helped drive Turkey into the arms of the West.

That control is one of the country's strategic assets, particularly since the Soviet Union has developed a Mediterranean fleet and sends many of its reinforcements through the strait and is building a third Minsk class anti-submarine cruiser—as it calls its aircraft carriers—in the Black Sea.

In peacetime the Soviet fleet is largely deployed in the Mediterranean to show the flag and to counter the political effects of the presence of the U.S. Sixth Fleet. In wartime the Soviet Mediterranean fleet would be a "sitting duck," Gen. Kaplan thinks, though until it was sunk it could provide valuable targeting information to Soviet submarines in the Mediterranean.

In normal times there are around six of these submarines, though the fear is that at the start of threats of hostilities the Russians might send up to two dozen more suomarines in from the Atlantic.

Other important strategic assets of Turkey include the fact that it sits across many direct Soviet air and land routes to the Middle East, that it is the only force in Nato whose members are Moslem, and that it is the site of important U.S. military facilities.

They include the U.S. airbase at Incirlik near Adana, a naval navigation station, and monitornig facilities which were providing about one-quarter of hard U.S. military intelligence on Soviet missile launches until they, like all other U.S. military facilities in Turkey, were closed for the thre years 1975-78.

Since then, satellites have taken on some of the monitoring role, but U.S. officials insist that for many purposes the Turkish facilities are irreplaceable. Last year Washington also spent several months trying to persuade the Turks to allow their aircraft to fly in Turkish airspace to selp verify Soviet observance of the second strategic arms limitation treaty.

Gen. Kaplan believes that over the years the strategic importance of Turkey has grown. Its position and the sheer size of its 1,000-mile-long territory make it a prize which both sides want. These factors also explain why the Soviet Union has signed agreements with Turkey for loans, for industrial assistance on a massive scale, and for oil sales at preferential prices.

Generals promise Cabinet announcement this week

BY METIN MUNIR IN ANKARA

A TURKISH Cabinet will be announced this week and a Constituent Assembly will be established to pave the way for a restoration of democracy, General Kenan Evren, Turkey's new military ruler, declared yesterday.

In his first Press conference since seizing power last Friday he refused to give a timetable for new elections. But the junta, he said, would be sworn in tomorrow.

Members of both the Cabinet and the Constituent Assembly would be selected by the generals, and are expected to be people who are not closely connected with past regimes and who share middle-of-the-road political and economic views.

Real authority will continue to be wielded by General Evren and his colleagues, however, who hold strong views on a restoration of normality in Turkey

Gen. Evren said that the army "values" the supreme interests of the country and the nation more than anything else." After accomplishing its "historic mission with dignity," it will return to its "original duty, which is the defence of the motherland."

General Evren also reiterated that the economic stabilisation programme, "launched to get the country out of this economic crisis, will be continued." The programme, he hoped would be "supported by the Organisation for Economic Co-operation and Development and financial institutions."

Sitting with Gen. Evren and his five fellow commanders who make up the "National Security Council" yesterday was Mr. Turgut Ozal, the chief economic adviser to the ousted Government and the guiding hand behind the stabilisation programme.

Mr. Ozal continues to shape economic policy, and his proximity to the generals was a clear indication both of his importance and of the new leadership's endorsement of his economic policies.

Gen. Evren listed six aims for his Administration. These were to preserve national unity—a reference to the threat of secession emanating from the large Kurdish minority living in eastern Turkey—to fight terror, to assert state authority and to secure social peace. He also wished to create a "viable secular republican regime based on human rights and individual freedoms" and finally "to restore a civilian administration after completing legal arrangements within a reasonable period."

Sweden plans £630m cuts in spending

BY WILLIAM DULLFORCE, NORDIC EDITOR IN STOCKHOLM

SWEDEN'S non-Socialist Government yesterday announced cuts in budget spending amounting to SKr 6.3bn (£630m). Together with the 1.9 per cent rise in value added tax and the increased levies on spirits, tobacco and fuel just passed by an extraordinary session of Parliament, the cuts should reduce the 1981-82 budget by SKr 7bn, the target previously set by the Government.

The Swedish economy was moving in the wrong direction and this development had to be broken, Mr. Thorbjorn Falldin, the Prime Minister said. The budget savings programme would be only one of a series of measures to get to grips with the country's economic problems.

Mr. Gosta Bohman, Economy Minister, repeated the Government's intention to cut the budget deficit by 1 per cent of Gross National Product a year over the next few years. He added that it would take Sweden most of the 1980s to restore its current account to balance.

The programme tabled yesterday includes some 70 cuts in budget spending. About SKr 4bn affect the so-called transfers to families in the form of rent and food subsidies and pension guarantees.

The largest single cut is the Skr 700m a year the government hopes to save by removing increases in oil prices and value-added tax from the index to which pensions are linked.

Reductions in subsidies to housing, including lower tax deductions for home borrowing, are expected to cut Skr 1.26bn off the Housing Ministry budget. Food subsidies, now running at over Skr 4bn a year, are to be reduced by Skr 550m, a smaller cut than expected.

Charges for medical and dental treatment and for medicine are being raised slightly, but the chronic sick will not pay the extra charges after 15 visits to a doctor or purchases of medicine. The Social Services Ministry should save just over SKr 1bn through these increased charges.

Mr. Olof Palme, Leader of the Social Democrat Opposition, described the budget cuts as an attack on the welfare system. Mr. Gunnar Nilsson, chairman of the trade union federation, said the unions could never accept the Government's strategy which amounted to taking away benefits from the largest and most needy social groups.

On Friday Mr. Fälldin and his colleagues will meet employers and union leaders in an effort to smooth the path for a moderate national pay settlement next year. Later this month the non-Socialist leaders will try to come to terms with local authority representatives over municipal spending.

Bundesbank counsels against state intervention

By Kevin Done in Frankfurt

FEDERAL GOVERNMENT action to boost the flagging West German economy would be misplaced, the Bundesbank, the West German Central Bank, said yesterday in its monthly report.

The slowing of economic growt hin West Germany over the last six months did not justify an "anti-cyclical" spending programme by the state, nor did it merit calls for a relaxation of monetary policy.

The weakening of West German economic growth was an inevitable part of the process of adjustment to a regime of much higher oil prices, the Bundesbank said.

Further increases in the West German standard of living would have to be kept within narrow bounds to allow the investment necessary to build up the country's export industries and to make the federal republic more competitive on international markets.

West German competitiveness has been helped in foreign markets, however, by the devaluation of the Deutsche Mark in real terms since the beginning of the year.

Taking into account the lower rate of inflation in West Germany, the Deutsche Mark had fallen by as much as 5.5 per cent against the currencies of the federal republic's most important trading partners.

The nominal fall was only about 1 per cent, but the decline of the D-mark against the other major trading currencies was as much as 4 pe rcent, when judged on the development of wholesale price inflation, or 5.5 per cent on the basis of retail price inflation.

The pressure on the Deutsche Mark—which for months has been one of the weakest currencies in the European Monetary System—has been a major factor restricting the Bundesbank's room for manoeuvre

After a major run on the country's foreign currency reserves in the first few months of the year, the Bundesbank has succeeded since May in financing the growing current account deficit through the markets. But the Central Bank admits that the position is still volatile.

From May to July there was a small increase in the foreign currency reserves of some DM 3.75bn (£877m), but much of this came in only short-term funds. Given the rapid changes that are possible in international interest rates, the capital flows could easily be reversed, the Bundesbank said.

EEC Council appoints Dane secretary-general

BY JOHN WYLES IN BRUSSELS

MR. NIELS ERSBØLL, 54, Denmark's State Secretary for Foreign Economic Affairs, was yesterday appointed Secretary-General of the EEC's Council of Ministers.

The appointment of Mr. Ersbøll, a former Danish permanent representative to the Community, by EEC Foreign Ministers here, brings to an end a lengthy search for a successor to Luxembourg's M. Nicholas Hommel, who retires later this year.

Recently the Nine have spent some time considering whether to expand the role of the Secretary-General, whose main traditional responsibility is the running of the Council's secretariat.

These deliberations have not yet reached any clear conclusion, although no major expansion of the Secretary-General's political responsibilities appears in prospect. But unlike his predecessors, Mr. Ersbøll has been appointed for a fixed term of five years.

French jobless total down by 1%

BY TERRY DODSWORTH IN PARIS

FRENCH unemployment dropped in August for only the second month this year, when the seasonally adjusted total went down by almost 1 per cent (to 1.5m) compared with July.

Although this figure will be cheering news for the Government as the predicted decline in industrial production sets in, it has not been interpreted as an indication of an underlying shift in the labour market.

In crude terms, unemployment increased by 3.3 per cent, and job openings dropped by 3 per cent to 81,000. This means that unemployment has increased by 5.5 per cent during the last 12 months, and by 12.6 per cent compared with the same month last year.

The employment situation is expected to worsen over the next few months, as some 800,000 school-leavers arrive on the labour market. A new employment agreement with industry has been introduced by the Government to try to place as many as possible of these young people in training posts.

Ericsson chief dies in crash

By William Dullforce in Stockholm

THE SUDDEN death of Mr. Björn Lundvall, chairman of two of Sweden's largest multinational companies, L.-M. Ericsson and Saab-Scania, has left a big gap at the top of Swedish industry. In particular it has weakened the so-called "Wallenberg stable," the small group of executives, most of them now in their 60s, groomed by Dr. Marcus Wallenberg, the commanding figure in Swedish industry and banking for the past four decades.

Mr. Lundvall, 60, died on Sunday from injuries received in a car crash. An engineer who graduated from the Royal Institute of Technology in Stockholm, Mr. Lundvall devoted his whole career to Ericsson. He joined the telecommunications group in 1943 and was its managing director from 1964 to 1977, when he became executive chairman.

Under his energetic direction Ericsson became one of the giants in the telecommunications business, rivalling such companies as ITT and Siemens, and also developed its new AXE computerised telephone exchanges, which have been so successful in recent years.

Earlier this year Mr. Lundvall succeeded Dr. Wallenberg as chairman of the board at Saab-Scania, the truck, car and aerospace group. This appointment was widely interpreted as showing the high regard in which he was held by Dr. Wallenberg as well as underlining the prominent role Mr. Lundvall was cast to play in Swedish industry, as Dr. Wallenberg, now 80, withdrew from the direct administration of the companies under his influence.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

CDU hard on heels of SPD

By Our Bonn Staff

WEST GERMANY'S Christian Democrat opposition has virtually wiped out the lead of the ruling Social Democrats in the run-up to the October elections, according to the latest poll conducted by the authoritative Allensbach Institute.

However, the combined forces of the SPD and its coalition partner the Free Democratic Party are still well ahead of the opposition and would convincingly win the election if it were held now.

According to the institute, 45 per cent would vote for the CDU or its Bavarian sister partner, the Christian Social Union, if elections were held next Sunday. This compares with 43 per cent CDU-CSU support three weeks ago.

SPD support has dropped back slightly to 45.1 per cent, compared to 46.8 per cent three weeks ago. The Free Democrats gained fractionally, moving up to 7.7 per cent against 7.6 per cent three weeks ago. This means that the coalition is still a clear 7.8 per cent ahead of the CDU despite the opposition gains.

SPD election analysts had been expecting a narrowing of the coalition's lead as the election approaches—a similar trend emerged before the 1976 polling. The CDU gains, at least partly, reflect the effect of the party's campaigning, which has intensified over the past week.

Although the results may give some encouragement to the opposition parties, the SPD does not seem to be too concerned. Even the most unfavourable poll yet has given the coalition a 5 per cent lead. A lightning poll carried out by Infratest Social Research Institute at the weekend showed that the CDU-CSU with 40 per cent was significantly ahead of the SPD with 37 per cent and the FDP with 8 per cent.

The survey showed a high number of undecided voters—12 per cent—and this may well work in the SPD's favour. That is because in personal popularity surveys, over 55 per cent of the sample said that Chancellor Helmut Schmidt would be a better Chancellor than Herr Franz Josef Strauss, the opposition candidate. The personality factor could well swing some of the undecided votes behind the SPD or the FDP.

Officials try to stop independent unions in south Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

STRIKES ARE threatening to spread in the southern Polish town of Kielce, where the local party authorities are refusing to recognise the right of the workers to form independent trade unions.

Stoppages are continuing at the FLT Iskra ball-bearing plant and at another smaller factory, while many of the 15 plants which have set up an independent trade union founding committee in Kielce are preparing to strike, if the local authorities do not give way.

The local official resistance is the more puzzling, as a Government decree has now been issued in Warsaw, which regulates the registration of the new independent unions. The Warsaw court, which has been given the task of registering the new unions, reports that applications have started coming in.

In Gdansk, the independent trade union founding committee has issued guidelines aimed at stopping wildcat stoppages. These make it clear that any strike which starts without the approval of the Gdansk founding committee will not be supported. The guidelines recommend that no strike starts until over half the work force votes in favour. Only then can the strike committee go to the independent union committee for its approval. If they get permission, the guidelines imply, the strikes then become "official."

In Warsaw, representatives of 16 creative associations and some academic societies have set up a joint co-ordinating committee to act as an independent pressure group on the authorities on cultural issues. One of the participants said that the aim was to ensure that in future "cultural policy is determined by the intelligentsia and not by bureaucrats."

The committee includes Mr. Andrzej Wajda, the well-known film director, and other writers, actors and sociologists.

The Polish Government has approved additional spending cuts this year worth Z1.11bn (£167m). The cuts come on top of an earlier savings programme drawn up by the previous Prime Minister, Mr. Edward Babiuch, last spring, worth over Z1.20bn. The new programme will hit spending on road maintenance and construction and employment in Government administration will be reduced.

Day-to-day spending on maintenance of office buildings will also be reduced. Another area to suffer will be domestic and foreign travel and entertainment expenses. There is also to be a reduction in spending on Government ceremonies.

Genscher signs investment accord with Lisbon

BY ROGER BOYES IN BONN AND JIMMY BURNS IN LISBON

WEST GERMANY and Portugal yesterday signed an investment protection accord, ending months of wrangling between the two countries and opening the way for radically increased German transfers to Portugal.

Herr Hans Dietrich Genscher, the German Foreign Minister, who signed the accord in Bonn with his Portuguese counterpart, Sr. Diogo Freitas do Amaral, said the agreement would have an "important signalling effect" for German companies. It would contribute to economic stability in the area, he said, as well as being an important component in Portugal's lead-up to joining the European Community.

The agreement, signed after months of heated negotiations between the two countries, protects West German investors from future nationalisation.

Substantial West German investment in Portugal has been held up for several years because successive Portuguese Governments have failed to offer compensation for West German assets taken over following the 1974 revolution. The agreement was to have been signed in July during a visit to Portugal by West Germany's President Herr Karl Carstens and Herr Genscher, but the signing was called off because of continuing difficulties between the two countries.

West Germany, is keen on establishing a firmer foothold in Portugal as EEC enlargement approaches and has insisted that there are principles of international law that should be respected by Portugal to generate business confidence. A small group of West German businessmen was demanding about $6.3m (£2.6m) in compensation. The largest outstanding claim was that of a West German farmer who has been asking for DM5m (£1.2m) for land that was expropriated in 1975.

West German diplomats in Lisbon said yesterday that this was "one of a number of claims" that were outstanding. But the West German Government had signed the latest agreement because a compromise had been reached. "We now have enough hope that compensation will be paid," a West German official said.

The timing of the agreement is significant. The Portuguese Government, which is facing a general election on October 5, has made the issue of compensation one of the priorities of its economic programme.

The West German agreement follows the recent announcement that the Lisbon Government would soon make available interest payments on bonds issued in compensation for Portuguese assets nationalised during the revolution. The Portuguese state owes an estimated Es 200bn (£1,680m). Although only 1 per cent of this is owed to foreigners, recent legislation liberalises the system by which foreign investors can transfer funds.

Austerity budget for Netherlands

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government has presented an austerity budget for 1981 aimed at switching resources from the public sector and from the private consumer to the country's hard-pressed industries.

It proposes cutting Government spending estimates by Fl 3.6bn (£775m) by reducing social security provisions, health care, Civil Service salaries and departmental spending. The hardest hit departments are transport and public works, education and housing.

The Defence Ministry is the only department to be spared actual cuts but the growth in its spending will be slowed so that the Netherlands will achieve only a 1.5 per cent growth in its defence budget next year, half the rate it recently promised its partners in the North Atlantic Treaty Organisation.

The Government also intends to raise employers' contributions to social security premiums by Fl 1.3bn next year and to achieve an equal cut in its own spending. The public will be asked to pay a more realistic charge for a number of Government services.

The Government has avoided major changes in the tax system since this already places a heavy burden on the taxpayer and the entire structure is currently under long-term review. But the lowest rate of value-added tax, applying to foodstuffs, medicine, newspapers and public transport, will be raised to 4½ from 4 per cent.

This increase and other minor adjustments will bring in Fl 475m next year. Postage rates will also be raised, boosting revenues by Fl 260m.

The result of these measures will be to cut incomes across the board. Real disposable incomes will fall by between 1 and 1½ per cent with medium-range wage earners on salaries of Fl 32,000-Fl 64,000 (£6,880-£13,760) a year, the hardest hit.

If wage levels rise by the expected 8 per cent next year then people on the minimum wage will suffer the same 1½ per cent fall in real incomes as those earning four times the average wage. This is not in line with Government policies which are intended to place the heaviest burden on those most able to bear it, the budget memorandum explained.

ECONOMIC FORECASTS

	1980	1981
Real National income (%)	nil	nil to +0.5
Cost of living (%)	+6.5 to 7	+6 to 6.5
Investment volume by industry (%)	−2	−4
Exports by volume (%)	+3	+2
Imports by volume (%)	+1	+0.5
Unemployment	240,000	280,000
Balance of payments		
Current account (Flbns)	−4.5	−1

The Cabinet has therefore appealed to the trade unions to agree to moderate their wage claims next year. This would allow the Government to make concessions to the lowest paid though they would still see a decline in their spending power.

The Government is prepared to offer Fl 500m of extra Government spending for every percentage point by which the unions agree to reduce their wage demands below the forecast 8 per cent, said Mr. Fons van der Stee, the Finance Minister.

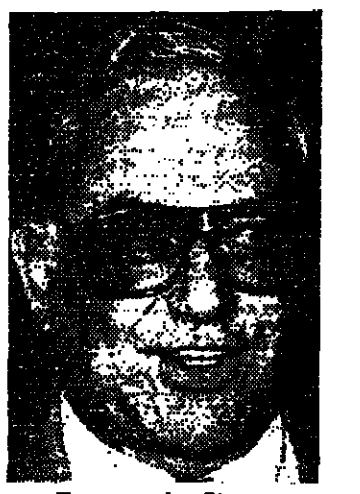
This offer poses a problem for the unions which have already signed wage agreements in many sectors of industry lasting until the end of 1981.

Mr. van de Stee said he believed the unions would be ready to take the unusual step of renegotiating their wage demands. In their first reactions to the budget however, the two main union federations were highly critical of the Government's failure to maintain spending power and cut unemployment.

Despite the imminence of a general election, scheduled for next May, the Centre-Right Government said it had opted for long-term measures which would lay the foundations for a healthy economy, rather than visible short-term measures.

The proposed savings are intended to reduce the Government's budget deficit to Fl 13.1bn (£2.82bn) or 5¼ per cent of national income from Fl 14.7bn or 6 per cent in 1980. Total Government spending will rise by 6 per cent to Fl 140.2bn (£30.1bn) next year while revenues will increase by 8 per cent to Fl 172bn.

To help industry improve its low profitability the Government has allotted Fl 1.3bn, raised by increasing the Dutch price of gas to foreign customers, to reduce industry's social security bill while another Fl 665m will go to stimulate the building industry, to industrial training, energy savings and promoting exports.



Fons van der Stee: a long-term view

Italy suffers £875m trade deficit in July

BY RUPERT CORNWELL IN ROME

ANOTHER MASSIVE trade deficit in July—the worst ever reported by Italy—has underlined the extent to which the country's buoyant economy has moved out of phase with those of its major trading partners, as recession spreads from the U.S.

The deficit in July alone climbed to L1,767bn (£875m) from L1,011bn in June. According to the national statistics agency, the total shortfall over the first seven months of the year was L9,552bn (£4.75bn), over five times the equivalent figure for 1979.

The basic reason for the deterioration is a boom in imports, not just of costly oil and petroleum products, but also of consumer and capital goods. Between January and July imports were running almost 40 per cent by value above last year's level, while exports were up only 17.5 per cent by value.

It also seems likely that importers were accelerating foreign currency settlements and exporters delaying the repatriation of earnings, in fear of a possible devaluation of the lira.

Devaluation has been ruled out repeatedly by Ministers, and most recently by Sig. Carlo Ciampi, governor of the Bank of Italy. Instead the Central Bank has been allowing the lira to edge steadily lower, within the large fluctuation margins permitted by the European Monetary System.

Meanwhile the traditional summer inflow of tourism revenue has considerably boosted the Central Bank's holdings of convertible currency, even though evidence is accumulating that the number of visitors to Italy dropped significantly in August, the key holiday period.

In July the bank's currency holdings rose by $2.46bn (£1,026m) to $10.59bn. Total reserves, including gold and facilities with international institutions, grew by $3bn to $57.8bn.

The competitivity of Italian industry on foreign markets has been at least partially restored by measures in the Government's economic stabilisation package, once again before Parliament, and especially by the cut in the social security contributions which companies have to make on behalf of their employees.

There are also signs of a slowdown in the pace of inflation. But the 1 per cent rise in the index last month still leaves the annual rate at around 21 per cent. This disparity between inflation in Italy and most other industrialised countries has convinced many analysts that sooner or later it will have to be reflected in the lira's exchange rate.

Charles Smith, recently in Seoul, analyses the realities behind South Korea's economic miracle and assesses the country's prospects for recovery

Grim economic outlook as battle for growth begins afresh

THE POLITICAL crisis which has shaken South Korea to its foundations during the past 10 months was caused by the assassination of a President, not, repeat not, by the collapse of the economy. This does not alter the fact that getting the economy back on the rails is the biggest challenge facing President Chun Doo-hwan's Government, which took office last week.

The outlook for 1980, combining zero growth with 25 per cent inflation and a $5bn current account deficit, is the grimmest Korea has faced in the 20 years since it set about seriously trying to industrialise itself. It *will probably* take *two years to* make the picture look substantially better and even that could be an optimistic estimate. In the meantime, whatever happened to the economic miracle which was South Korea's chief claim to fame *from the mid-1960s until* a year or so ago?

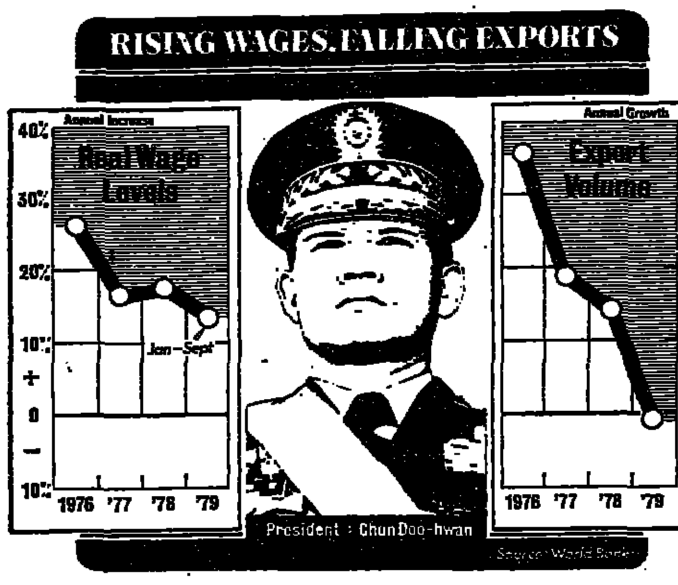
The short answer is that everything finally became a bit *too* miraculous. South Korea was the only industrialised or semi-industrialised country of any importance to keep growing *almost without a break after* the first world oil crisis in 1973-74. (Its real gross national product growth rate in fact slowed to 7.4 per cent in 1975, but picked up to 15.1 per cent the next year and ran at an average of over 12 per cent for the three years up to 1978.)

This seemed a brilliant achievement, especially as the balance of payments position improved as growth accelerated. In retrospect, it seems clear that ultra-rapid growth for four years (after nearly two decades of growth which would put most Western countries in the shade) produced distortions and adjustment problems with which even Korea's hard-working and efficient bureaucracy was unable to cope.

One problem was that too much money flowed in too quickly (from exports), creating inequalities of wealth and bottlenecks in the supply of goods to the domestic market. Another was that different sectors of the economy got out of phase with one another as GNP growth took off for the stratosphere.

From 1977, investment in heavy industry, given the main stress in the fourth five-year development plan (1977-81), was grossly over-emphasised at the expense of light industry (which was producing most Korean exports).

The result, by early 1979, was that the country had saddled *itself with some embarrassing* white elephants in such sectors as power-generating equipment and motor vehicles, while more down-to-earth sectors such as textiles were being starved of up-to-date machinery.



Edge lost

The most serious consequences of over-rapid growth was the loss of Korea's competitive edge in world markets. Korean industrial workers were paid wage increases averaging 19.5 per cent (in real terms) during the three years from 1976 to 1978, while productivity was growing by only around 11 per cent a year. The resulting loss of cost-effectiveness, combined with a rigid exchange rate policy (there was no devaluation of the Korean won between 1974 and early 1980), resulted in Korea virtually pricing itself out of Western markets for light industrial goods by mid-1979.

The Korean authorities seem to have noticed something was badly wrong with the economy by around mid-1978, when the Government began liberalising imports to put a brake on the inflow of foreign exchange and provide some healthy competition for domestic producers. In early 1979, a full-fledged deflationary package was introduced, but by then it was too late to restore order by normal means.

Korea's once-dynamic exports had virtually ground to a halt (in terms of year-to-year changes in volume) by the first *half of the year.* At the same time, the second oil crisis was starting to boost imports, and to introduce a new element into domestic inflation. Korea thus finished 1979 with the economy virtually stationary and the balance of payments showing *signs of going badly* out of control.

The political crisis sparked off by the assassination of President Park Chung-hee on October 26, 1979, was the final blow to hopes of smooth and rapid recovery. The crisis froze virtually all internal investment decisions, removing main source of domestic growth until a new leader could emerge. It was hardly surprising in these circumstances that the economy should have recorded a decline (of 4 per cent) in the first half of 1980—although it must be added that this was Korea's first experience of zero growth or decline since the first five-year development plan was launched in 1972.

Faced with a declining GNP, continuing high inflation and an alarmingly large balance-of-payments deficit, Korea's economic managers have not been exactly idle. In January, a determined effort was made to beat inflation and restore export competitivity by means of a package which combined a 20 per cent devaluation of the won (against the dollar) with a 6 per cent increase in interest rates (from 18.5 to 24.5 per cent for commercial loans).

The package did appear to help exports: they have been growing again for the past eight months and are on target so far as government plans for the year are concerned. Internally, however, the recession has seemed to be biting deeper than ever in recent months, with bankruptcies of small and medium-sized companies running at twice the levels of a year ago and unemployment rising well above 5 per cent. The Government reacted to these alarm signals in June by slightly moderating its tight money policies, but only enough to prevent more bankruptcies and still worse unemployment in the second half of the year.

What happens now that political stability has been officially "re-established" is the crucial question. Optimists expect the economy to start showing some signs of recovery in the fourth quarter as businessmen get over their worst fears and reinstate some cancelled or postponed investment plans.

At most, however, this seems likely to result in the growth rate for the year being close to zero instead of substantially in decline as at one time seemed likely. Growth in 1981 will have to depend on something more solid than the psychology of the business community especially if (as seems likely) Korea continues to face difficult conditions in its main overseas markets and a continuing *increase in its bill for imported* oil (up by 100 per cent to $6bn in 1980).

k The most urgent pre-condition for re-establishing growth next year, or the year after, would appear to be the recovery of export competitivity. In terms of domestic policies this probably means a policy of wage restraint to replace the wages free-for-all which existed in the final years of the Park regime. Wage restraint, however, is not a policy which can be easily enacted by a Government with even the smallest pretensions to democracy, and President Chun appears well aware of this.

With such thoughts in mind, the Government has been talking of a "burden-sharing" policy, combining some form of wage control with severe restraints on capital gains, and with more welfare services. The policy seems to exist only in outline but the signs are that *the Government has its sights* on the right objectives even though it does not yet know precisely how to reach them.

President Chun's next priority seems likely to be to restore viability to the industrial sectors which suffered from either over- or under-investment during the chaotic days of 1977 and 1978. This includes merging companies in the over-invested heavy industry sector, while channelling such funds as can be spared to the under-invested and now seriously out of date textile and shoe industries. Imposing some order on the costly system of farm subsidies created by President Park (preferably linking the subsidies to productivity increases) is another item on the Government's agenda. Yet another urgent priority is to begin conserving energy.

First move

Korea is using 1.1 per cent *more oil for every extra per*centage point of GNP and could apparently find itself with a still more disadvantageous ratio of energy use if effective action to conserve energy is not taken soon. The Government has made a first move by identifying no fewer than 800 companies which could earn their money back in a year by installing new and more cost-effective oil burning equipment (for a total investment of $400m). The current tightness of credit, however, is such that funds apparently cannot be spared even for such a deserving investment programme as this.

The last and perhaps most important job is liberalisation of the financial system. Far-reaching government control over all but a tiny corner of the banking system arguably contributed to, rather than helped to limit, the distortions between 1976 and 1978, and there is now a consensus that liberalisation is overdue. Two previous attempts at dismantling government controls over banks and the money market have already been made (in 1972 and 1979)—and blocked by bureaucratic obstruction. This time, economists advising President Chun seem confident of being able to cut through the red tape.

Subsidiary to the Government's main aim of creating a freer internal money market is the objective of liberalising foreign participation in the economy. This could mean more scope for foreign banks as well as the opportunity for foreign investors to acquire controlling stakes in joint ventures in some sectors of industry. The "patriotic obsession" of Korea's former rulers explains (according to one bureaucrat) why foreigners were, in the past, forbidden to hold more than 50 per cent of the equity of any industrial venture.

The structural reforms the Government envisage are geared to the notion that Korea can and should return fairly soon to a rapid rate of growth (say 8 per cent a year in real terms). Korea aims at high growth not for its own sake but because a labour force expanding at the extremely high rate of 3 per cent a year needs job opportunities which will be there only if industry keeps expanding.

Whether growth of 8 per cent or so will actually become possible again within the next year or two is still anyone's guess. The rule of thumb is that Korea in the past has managed to grow at roughly two-and-a-half times the speed of the industrial "West." The ratio may, however, be coming down as Korea itself matures. And who is to say that the West will be able to grow even by 3 per cent a year in the difficult decade which probably lies ahead?

SOUTH KOREA'S gross national product will fall 2 per cent for the calendar year 1980, according to Mr. Shin Byong-hyun, the Deputy Prime Minister and Minister of Economic Planning, Ann Charters reports from Seoul.

This will be the first time in 18 years that the economy will have turned in a negative growth rate.

The Deputy Prime Minister stated that the first six months of the year showed a decline of 4 per cent in GNP. Second half GNP performance is being counted on heavily to improve figures for the year.

With the South Korean economy in what is hoped is the bottom of its slump, local companies were given some signs of help. Interest rates and loans will be cut 2 per cent on average before the end of the month, with the prime lending rate dropping from 23.5 per cent to 21.5 per cent.

This will somewhat relieve the interest rate burden found intolerable by many local firms and encourage exports by bringing the cost of borrowing more in line with cheaper money available to South Korea's trade competitors. The rate on special loans for exports remains unchanged at 12 per cent.

Offering no quick solutions for the continuing rise in prices, the Government reiterated its tight money supply objectives.

Israeli Bank Governor issues warning as inflation soars

BY DAVID LENNON IN TEL AVIV

MR. ARNON GAFNY, the Governor of the Bank of Israel, has warned that if agreement is not reached soon on voluntary restraint of wages, prices and taxes, he will recommend a slowdown in economic activity which will increase unemployment and reduce production.

Mr. Gafny, who has been urging the Government, industrialists and workers to freeze taxes, prices and wages for six months, said that the latest inflation figures show that any delay fuels inflation.

Inflation was 8.2 per cent in August, bringing the figure to 68.8 per cent for the period since the beginning of the year, and 134 per cent for the past 12 *months.*

The Treasury pointed out that the annual inflation rate has stabilised during the past four months at around the 130 per cent mark, but admitted disappointment at its failure to bring the rate down.

The latest inflation figures have made the Histadrut Labour Federation pull back from an earlier drift towards acceptance of Mr. Gafny's package deal proposal. Mr. Yeruham Meshel, the Secretary-General of the Histadrut, said that the workers could not now forgo a previously agreed wage increase.

Mr. Meshel said that if the Government wanted to stop inflation, it should stop initiating price rises. Mr. Yigael Horvitz, the Finance Minister, admitted that half of last month's price rises were Government-initiated. If the Histadrut did not forgo the promised wage increase this would deal a severe blow to the Bank of Israel proposal in which this was one of the key elements.

● Israel has captured four top Palestinian guerrillas on the occupied West Bank who are believed to have been responsible for the attack in Hebron in May in which six Jewish settlers were killed. It was in the wake of that attack that Israel deported the mayor and the religious leader of Hebron and the mayor of nearby Halhoul.

One of the arrested guerrillas has also admitted to having killed two Israelis last year, the Israeli army spokesman announced. Another took part a few years ago in a rocket attack on the Kiryat Arba Jewish settlement near Hebron.

Anger at Japan-Kampuchea link

BY DAVID BUTLER IN BANGKOK

JAPAN HAS begun trading with the Vietnamese-backed Heng Samrin Government in Kampuchea, a move which seems certain to draw international protest, particularly in South East Asia and China.

The Japan-Kampuchean Trade Association has announced that it has agreed with the Heng Samrin Government to import cotton worth $200,000 for pillows and cushions to be made up in Tokyo.

The Japanese Government refuses to recognise the Heng Samrin regime, recognising instead the ousted regime of Pol Pot. The Trade Association, made up of small trading houses, shippers and a bank, sent a delegation to Phnom Penh, the Kampuchean capital, in July. The Japanese Government said at the time that the mission "was not welcome," but insisted that it could not force private companies not to trade.

Mr. Aram Kotikul, manager of the Association of Thai Industries, said this week, that regional industrial groups and Chambers of Commerce "intend to make known their disappointment" over the opening of trade.

He claimed that businessmen from the member states of ASEAN (the Association of South East Asian Nations, which groups Thailand, Malaysia, Singapore, Indonesia and the Philippines), who met in Manila earlier this month, were "upset over the Japanese move."

NAMIBIA'S BUDGET

South Africa boosts spending

BY JOHN STEWART IN CAPE TOWN

THE South African Government, facing a renewed international campaign for its withdrawal from Namibia (South West Africa), has embarked on a major public spending effort in the territory. The programme is apparently intended to counter the influence of SWAPO, the Namibian black nationalist movement.

An unprecedented R520m (£286m) budget, equivalent to 40 per cent of current gross domestic product in Namibia, has been drawn up by the South African-sponsored Council of Ministers in Windhoek.

The size of the budget, and its concentration on subsidies to the tribal authorities and spend*ing on central* Government facilities, underlines Pretoria's apparent strategy—namely to buy time on the military and diplomatic fronts for an economic effort which would ensure that the reins of power will be transferred to a well-disposed *regime in an independent* Namibia.

The problem for Pretoria is that, despite monetary and fiscal inducements and the obvious benefits of a sharp recovery in the economic fortunes of neighbouring South Africa, private *fixed investment in Namibia* remains in steady decline.

To remedy this, the Pretoria-sponsored National Assembly and its Council of Ministers drawn from the Democratic Turnhalle Alliance have opted for a programme of force-feeding the economy.

As the sole generator of new economic activity in the territory, the Administration will no doubt boost its influence among rank and file Namibians. But whether such allegiance will be sufficiently broadly-based or enduring enough remains uncertain.

An analysis of the 1980-81 estimates of expenditure confirms that "Prime Minister" Dirk Mudge and the ethnically diverse Council of Ministers have taken the short view.

Some 28 per cent of the budget will be spent on economic services. This includes expansion of the water, power and transport infrastructure, increased farm subsidies and assistance to blacks to acquire farms in the former "white" areas, and large transfers to the first National Development Cor*poration,* a *Government utility* that specialises in development projects in agriculture and industry.

Spending on political services has been increased 45.8 per cent to R156m, and consists primarily of large transfers to decentral*ised ethnic governments* (the Bantustans).

Black nationalists in the territory conclude that this aspect of the budget (30 per cent of total central Government spending) is designed to extend the influence and heighten the image of the Democratic Turnhalle Alliance's 11 *ethnic* leaders in the rural areas.

In sharp contrast to heavy spending on bricks and mortar, on development projects and the strengthening of the influence of homelands leaders, projected spending on education, manpower development and other social servies is a mere R50m—about 9 per cent of total spending estimates.

The difficulty with such a strategy is that the lead time needed to entrench the position of the Democratic Turnhalle Alliance is likely to be far in excess of the likely period for implementation of the UN independence plan for Namibia.

Whether the South African Government can persuade the five Western members of the UN Security Council to stave off indefinitely demands for sanc*tions or other* punitive *action* is open to doubt.

Quentin Peel reports from Johannesburg: Mr. Richard Luce, Parliamentary Under-Secretary at the UK Foreign Office, arrived in South Africa yesterday for talks with Government leaders, including Mr. P. W. Botha, the South African Prime Minister. The talks will focus on Namibia as well as bilateral and regional issues.

IMF future causes breakdown in UN talks

By David Housego

AFTER three weeks of bitter wrangling in a special session of the United Nations General Assembly, Western Industrialised nations and the Third World have failed to agree on the procedures or the agenda for the proposed global economic negotiations due to begin in January and last most of 1981.

The substantive issue on which the talks were suspended concerned the future of the International Monetary Fund, the World Bank and similar international specialised institutions.

The U.S., West Germany and Britain declined to accept a proposal which they believed would have left the future role of the Fund to be determined by the UN in the global round. The three states, whose currencies account for about half of world trade, are insisting that the autonomy of the Fund and the Bank be respected.

The two sides will try again to resolve their sharp differences during the regular session of the Assembly, the 35th, which opened yesterday. West Germany holds the Presidency of the new assembly in the person of its chief delegate, Herr Rudiger von Wechmar.

The future of the Fund came to the fore in what should have been a procedural debate. The Third World countries of the Group of 77 pressed for integrated negotiations in the global round over commodities, energy, the transfer of resources, trade and monetary reform.

Negotiations over monetary reform would have embraced the IMF and the Bank and thus given the UN a pivotal role in deciding their future.

Unable to agree on matters of procedure, the special session did not begin to debate the proposed agenda for the conference.

The failure of the talks is likely to harden the attitude of militant states such as Algreia, Kuwait and Venezuela in the Organisation of Petroleum Exporting Countries, which have been linking a readiness to discuss the price and supply of oil with the West to concessions by industrialised nations towards the Third World.

Attempts to reach a consensus will be renewed in the carridors of the General Assembly.

Carter campaign takes cheer from hostage moves

BY DAVID BUCHAN IN WASHINGTON

MR. EDMUND MUSKIE now wears a yellow "free the hostages" emblem in his lapel. It is a daily reminder to the Secretary of State not only of the human plight of the captive U.S. diplomats but also that their return from Iran by some fluke in the next six weeks could clinch an exceptionally tight Presidential race in favour of his boss, Mr. Jimmy Carter.

Mr. Muskie . . . emblem

The reverse is not necessarily true: if the hostages stay in captivity past the November 4 election date, that may not result in President Carter's defeat. The American public may have questioned some of Mr. Carter's tactics in handling the Iran crisis, but it by no means pins all the blame on him.

However, Mr. Ronald Reagan, the Republican challenger, has long been nervous that Mr. Carter will somehow use his power as an incumbent President to spring "an October surprise" on election eve, and he knows that no surprise could be more welcome to the U.S. 52 Americans.

Positioning himself for this electorate than the return of the possibility, Mr. Reagan has now broken his silence of recent months on the hostage issue to say that the majority of conditions set by the Ayatollah Khomeini for release of the hostages, "can and should be met by the U.S."

The effect is to show Mr. Reagan as conciliatory in any settlement that might be reached, though the Republican candidate quickly entered the caveat that at least one of Iran's demands—the return of the former Shah's property—was not for the U.S. Government, but The confusing notes of optimism and pessimism the U.S. courts to decide. sounded in Washington about a resolution of the crisis have mirrored the conflicting statements coming out of Iran.

On the plus side, last Friday's statement by the Ayatollah omitted—whether purposely or by accident—his earlier insistence of public repentance by the U.S. for its past actions in Iran.

It was also noted here that Mr. Mohammed Ali Rajai, the Prime Minister, in his public reply to a letter last month from Mr. Muskie, did not reject the Secretary of State's call for a proper "channel of communication" between Washington and Tehran.

It has frustrated US officials that they have only indirect means of talking to Iran, through the Swiss and other intermediaries.

On this basis, President Carter voiced cautious optimism on the Texas campaign trail this week that the Rajai/Khomeini statements "may very well lead to a resolution" of the deadlock.

At the very same time, however, Mr. Muskie appeared to have equal justification for warning at a Washington Press conference that talk of a breakthrough, or even a start to any negotiations, was very premature. The Speaker of the Iranian Parliament had by then predicted the legislature would add further conditions to release of the hostages beyond the latest laid down by the Ayatollah.

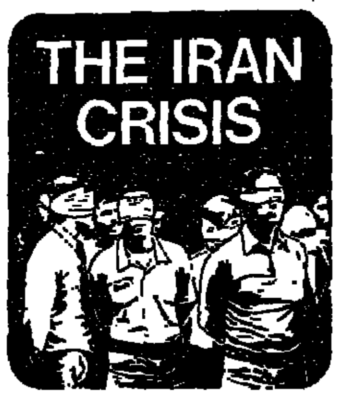
"It would be a mistake to raise expectations" about a breakthrough, Mr. Muskie said, almost thinking out aloud about the damage that could be done to Mr. Carter's political fortunes if overblown hopes, inflated with a little help from Mr. Reagan, were to be dashed

But there seems to be a growing feeling—shared by the families of the hostages and Congressmen—that the time is ripe for a settlement.

An indication that this feeling may be turning into frustration with the Administration's public inactivity is the recent appeal by a group of Congressmen and some hostage relatives for direct talks with the Iranian authorities.

Whether the long-awaited settlement is really in the offing depends on Ayatollah Khomeini and the Parliament. Mr. Reagan sensibly warned Iranian leaders they should not spin out the crisis in the hope of "better terms" from a Republican Administration, if he were elected in November. But such a calculation was probably not in their minds in the first place.

If, however, the hostages should be returned their families by November 4, it would almost certainly give the President's fortunes a lift comparable to the boost given to President Richard Nixon by Dr. Henry Kissinger's famous "peace is at hand" claim in Vietnam just before the 1972 election.



Tehran Parliament sets up commission

TEHRAN — Iran's parliament yesterday voted to set up a special hostage commission to consider the case of the 52 U.S. captives held here since last November 4.

Without need for a formal count, deputies overwhelmingly rejected an alternative proposal to go straight into public debate on the issue. But they agreed that when discussion in the chamber finally starts it would be at a public session.

A discussion continued on the composition and brief for the hostage commission, but officials expected that the commission would sift through documentary evidence and then refer some proposals back to the parliament.

Interest in the debate, which followed a week of renewed activity on the issue, was shown by the queues of people trying vainly to get admission to the public gallery of the house. Almost 20 deputies gave their views before the assembly decided to guillotine debate

One hardline deputy said: "The spy-hostages must be tried and executed and the non-spy hostages released on conditions," but the speaker, Mr. Hashemi Rafsanjani, told him the statement was out of order and that he and the others should stick to setting up procedures for considering the issue.

Mr. Rafsanjani and two key Iranian religious leaders said on Monday that the revolutionary regime has not dropped its demand that the U.S. Government apologise for past actions in Iran, and the Islamic fundamentalist Tehran newspaper Ettelaat again demanded that the hostages be tried as spies.

The demand for apologies has been rejected repeatedly by the U.S., and when it was omitted from four conditions for the hostages' release spelled out on Friday by Ayatollah Ruhollah Khomeini, some U.S. officials in Washington were optimistic that a breakthrough might be developing.

Agencies.

Iran envoy mystifies British Government

By Simon Henderson

THE BRITISH Government is apparently mystified by the visit this week to London of Mr. Mousavi Garmarudi, the press and cultural affairs adviser to President Abolhassan Bani-Sadr of Iran. When announced in Tehran, the visit was said to be to protest about the conduct of British police in relation to Iranian students, of whom more than 20 have been deported after a demonstration a month ago outside the U.S. embassy in London.

But despite an invitation to call in at the Foreign Office, Mr. Garmarudi has had no contact with the Government. Indeed, at a news conference yesterday, he said he was not intending to meet any official.

Although he repeated allegations made about police torture of the students and complained about the court procedure, he said he was not asking the British Government to do anything more on the matter.

Asked about the three British missionaries and the businessman at present in detention in Iran, Mr. Garmarudi hardly alloyed fears for their welfare, saying he was not a spokesman for the courts.

AMERICA'S SPACE SHUTTLE

A technological wonder—but when will it take off?

BY PATTI REALI IN WASHINGTON

AMIDST THE grassy coastal flats of Cape Canaveral Florida rests the space shuttle Columbia, younger sister of the original mock-up known as the Enterprise. The Columbia is drydocked in a huge assembly hangar at the Kennedy Space Center surrounded by hundreds of technicians working seven-day 24-hour shifts in a massive effort to get the bird ready to fly.

The space shuttle is the cornerstone of the U.S. space programme in the post-Apollo era. The National Aeronautics and Space Administration (NASA) expects to use the space shuttle to carry the next generation of military surveillance, civilian communication and scientific satellites into space. Rockwell International, the main shuttle contractor, will build five shuttle orbiters which will make up NASA's space transport system, and make access to space both routine and relatively inexpensive.

Since its inception the space shuttle programme has been beset by a host of problems—disputes over design, budgetary constraints, technical delays and cost overruns. The project is already two years behind schedule. Despite stepped up work schedules, the shuttle may not hit the launch pad until March, 1981.

Mishaps have lifted the total cost of the programme, and have wreaked havoc on the carefully drawn agreements with the federal agencies, private companies and foreign governments which are counting on the shuttle to ferry their satellites into space.

Buoyed by the technological triumphs of the Apollo moon programme, NASA and the White House settled on the space shuttle programme a decade ago, after rejecting projects such as a manned Mars expedition and permanent space stations as either too extravagant or simply useless.

In an environment cool to ambitious space adventures NASA fixed on the concept of a reusable space shuttle as offering a challenge to space engineering as well as potential for considerable savings over the traditional one-shot (expendable launch) rockets like McDonnell Douglas' Deltas.

In 1972 Congress appropriated \$5.15bn for development, stipulating that a first orbital launch should take place before 1979 and that cost overruns were limited to 20 per cent. But neither of these requirements has been met. An estimated \$8.9bn has already been spent with the maiden launch still far off.

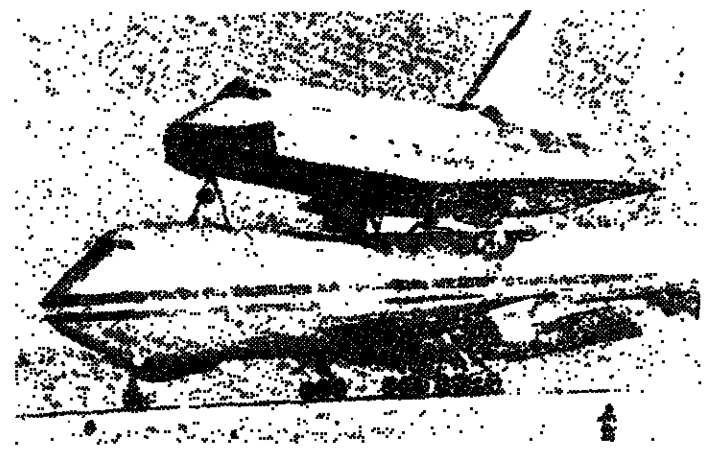
The shuttle's difficulties begin with its engines, which are considered the lightest, most efficient liquid-propellant engines ever developed. But there have been at least four serious engine fires in the last two years with considerable damage to secondary systems. With very few spare parts available, serious schedule slippage has resulted.

The shuttle's heat protection system has also created problems. The 31,000 silica-fibre and glass tiles cover the orbiter and the rocket boosters. Each one in unique, custom built for a particular spot on the shuttle's body. They are at once a technological wonder and a disaster.

They are so fragile that they often shatter at a touch. The smallest scratches, even marks left by human fingerprints, cannot be tolerated. A damaged tile could mean a hole burned right through the shuttle body.

The application of a single tile to the shuttle requires an average of 25 hours. The current application rate stands at 1.5 tiles per technician per week. A single tile costs an estimated \$500 to make and install.

Technical difficulties aside NASA has made great progress in ensuring the shuttle's operational work. "All business on the shuttle is booked solid through fiscal year 1986," Mr. Kenneth Senstad of NASA's space transportation operation pointed out.



Space shuttle Enterprise riding on a 747 carrier in a 1977 test.

Companies such as Intelsat, an international telecommunications consortium, has already booked space on the shuttle. Should it fail to meet launch schedules NASA has backed up all service agreements with traditional rockets like General Dynamic's Atlas Centaurs. Intelsat has also purchased several Ariane three-stage rockets being made by the European space agency and sure to become a competitor to the space shuttle. Despite this threat, the shuttle is still unchallenged in terms of space technology. The only question is, when will it fly?

India may order new aircraft from UK

By D. P. Kumar in New Delhi

BOTH INDIAN Airlines and the Indian Air Force are showing interest in the new generation of BAE/146 which they saw at the Farnborough International Air Show earlier this month.

The Indian Air Force will consider and evaluate the advanced technology turbo-fan jet passenger transport aircraft BAE/146 being built by British Aerospace if Indian Airlines decides to buy them as replacement of older Fokker Friendships and the Avro/748s on its regional flight routes.

The Air Force has been seeking a replacement for the ageing Tupolev/124s in its hard-pressed VIP squadron which also has some Avro/748s.

In the context of mounting costs of aircraft spare parts, there is an attempt to get a common aircraft that would suit both, as had been previously achieved with the Avros.

The BAE/146 development project was initiated by Hawker Siddeley before it was merged with British Aerospace in April, 1977. The basic design objective was to evolve a four-engine jet aircraft to replace turbo-props and older twin jets on secondary routes and feeder air services.

It was intended to provide a passenger seating standard comparable to the present wide-bodied airliners.

The aircraft is expected to make its maiden flight in six months in preparation for the certification of airworthiness tests in August, 1982.

The Indian Air Force has a replacement requirement for the phasing out the well-worn workhorses, the Fairchild Packets, Dakotas and the Caribous used for supply operations.

Peking may double Japan coal sales

BY RICHARD C. HANSON IN TOKYO

CHINA has offered to step up its coal exports to Japan to 20m tonnes per year in 1985, roughly double the previously targeted level. The increase would take place within the framework of a $20bn two-way trade agreement which runs from 1978 to 1985.

The proposal was made when Mr. Toshiwo Doko, head of the Japan-China Association on Economy and Trade, visited Peking last week for a regular meeting with Chinese officials. China is anxious to increase coal exports to Japan, partly because it will be unable to meet the original targets for oil shipments under the 1978 agreement.

Chinese officials said that they would be able to supply 8.3m tonnes of oil in both 1981 and 1982 (against 9.5m and 15m respectively, in the original agreement). This year shipments could fall short of the 8m tonnes imported last year.

Next year a Chinese delegation will visit Japan to negotiate oil shipment levels for 1983 and beyond. However, it appears unlikely China will be able to increase its exports substantially (if at all). The Chinese said they were unable to fulfil the terms of the original agreement because that promise was based on faulty production statistics at the time. But China is also having difficulty raising production levels at existing oil fields to meet growing domestic demand. In addition, offshore exploration for oil is just getting underway.

Coal, therefore, has become a much more important part of the eight-year trade agreement, which calls for $20bn in two-way business. Japan is helping China develop seven coal mines, three of which have already received financing from the Export and Import Bank of Japan.

Under the present agreement, China will supply 2.5m-2.7m tonnes of coal next year. It was originally expected that shipments would build up to about 10m tonnes by 1985.

● A syndicate of commercial banks, including a Hong Kong-based joint venture bank, CCIC Finance, is likely to sign a $42m loan contract with China in the near future, AP-DJ reports from Tokyo. Japanese banking officials said yesterday that the loan is designed to help finance a hotel construction project in Canton.

The lead banks in the syndicate are CCIC Finance, Bank of America and Paribas of France.

The Canton project calls for constructing a 1,000-room hotel at a cost of about $70m. Construction is scheduled to be started next January.

San Franciscans flock to China exhibition

BY ANTHONY POLSKY IN SAN FRANCISCO

THE LARGEST exhibition of Chinese products ever held in this country opened here last weekend in a city which always has played an historically significant role in America's China trade.

The People's Republic of China (PRC), anxious to earn the hard currency vital to its modernisation and to rectify a growing unfavourable trade balance with the U.S., has assembled an impressive collection of about 20,000 items for display and sale.

Despite apprehension about inadequate financial and administrative capabilities of the private American company which is sponsoring the exhibition, initial public response, at least, has been enthusiastic. The exhibition, which lasts for two weeks, moves on to Chicago in October and New York in November.

About 75,000 people visited the exhibition on Saturday and Sunday and, even with the weekend over, crowds were heavy again at the start of this week. Visitors, both official and public, were greeted by smiling co-operative Chinese representatives, a contrast with the stern, unsmiling party cadres at past exhibitions in China. Gone too were the poorly-made handicrafts of the Cultural Revolution era.

But nine years after the landmark visit to Peking by then-President Nixon—a period marked by continued exchanges of lesser trade and political delegations and considerable note-taking by both sides—the two countries are still not fully reacquainted.

Sponsorship and hosting of this most important exhibition fell almost by default as it were, to a private American company which already has done a considerable amount of trade consulting, and apparently expects to do a great deal more.

The National Council for U.S.-China trade, a quasi-official body, declined to officially back the sponsors, although it gave considerable help as a result the private U.S.-China Business Develoment Corporation of New York was selected by the PRC's Council for the Promotion of International Trade.

Whether China will receive any large orders from commercial buyers attending the exhibition remains to be seen. Although the American organisers confidently predict about $300m worth of business in each city, more detached observers think the exhibition will be lucky to break even on its expenses of about $5m from revenue from sales of tickets.

Half the exhibition's 113,000-square feet of floor space was devoted to traditional handicraft items, the rest of the space had displays of everything from motor oil to surgical instruments to electronics.

Some major U.S. department stores, such as Emporium-Capwell in San Francisco and Bloomingdale's in New York, have worked closely with the Chinese for mass production of renewable items, specifically designed for the American market. Popular choices at the retail shops here are goose-down jackets and bed comforters.

Privately, some Chinese officials were less sanguine about the way the exhibition was organised, and about their own country's present capabilities. Mr. Tsao Weilian, a Vice-Minister in Charge of Heavy Machine Building, held private talks with a group of middle-ranking Chinese - American scientists and engineers during which he conceded that the PRC bureaucracy was unresponsive and that China lacked marketing knowledge.

China's Vice-Premier Mr. Bo Yibo attended the opening of the exhibition before going on to Washington for a significant economic conference.

These exhibitions and visitations, while not yet bringing in the immediate export earnings that China so desperately needs, are certainly bringing a welcome experience. The current exhibition is the first to be held overseas. And the Chinese are expected to learn how to do better next time.

France set to aid textiles industry

By Terry Dodsworth in Paris

THE FRENCH Government is moving to the aid of the country's hard pressed textile industry with a series of measures designed to stem the rapid growth in imports.

In the face of strong complaints about the lack of marking of many imported articles, the Government is insisting that all textiles must bear a label with their country of origin clearly displayed. The authorities are hoping that this measure will hit imports, at least for a time, while stocks already imported are labelled, and while importers adjust to the new conditions.

Certain materials, such as velvet and furs, are also to come under a new administrative control system which will effectively require an additional import licence. This again is expected to hinder importers and thus bring a respite to the French industry, which has seen a decline of more than 15 per cent in its orders this year.

At the same time, the Government is to meet the industry's employers' bodies to work out an investment aid programme for introduction in about two years' time. At present, the cotton manufacturers in particular enjoy a Government-aided investment programme which has pumped in FFr 100m (£10m) over the past three years.

A further FFr 18m will be given to the entire textile sector during the course of this year.

While cotton producers have been particularly hard hit during the latest slump in the industry, France's artificial fibres manufacturers and producers of made up clothes have also suffered. It is reckoned that imports climbed to almost 50 per cent of the total textile market last year, while demand dropped by 1 per cent.

During this year, there has been a further big decline in the artificial fibres sector.

NZ group to build houses near Jubail

By Dai Hayward in Wellington

FLETCHER CONSTRUCTION of New Zealand has won contracts worth NZ$ 36m (£15m) to build houses near the new petrochemical centre at Jubail in Saudi Arabia. The contract includes fences, roads and other services.

Fletcher also has a NZ$ 14m contract to construct houses at air force bases in Iraq. These will be 280 New Zealand designed pre-fabricated houses along with the various components. The New Zealand houses will be erected in desert areas where temperatures rise to 60deg.C.

Fletcher is working with two local contracting organisations—Arabian Polyfab for the air force buildings and FRAENZ - Fletcher for the Saudi contract.

U.S.-Soviet trade declines by 50% in first six months

BY DAVID SATTER IN MOSCOW

THE VALUE of U.S.-Soviet trade was cut in half during the first six months of this year compared with the equivalent period of 1979, reflecting the effect of U.S. sanctions against the Soviet Union.

Figures released by the U.S. Embassy showed that U.S.-Soviet trade for the first six months of this year had a value of only $857m compared with $1.7bn at the same point in 1979, a year when massive U.S. grain exports pushed U.S.-Soviet trade to its highest level ever.

U.S. imports of Soviet goods, principally minerals and metals, had a value of $164m in the first half of this year, a 33 per cent decline from the value of imports for the same period of 1979 which was $243m.

Exports to the Soviet Union were $693m for the half-year period, leaving the U.S. in surplus by $529m, a decline from $1.21bn in the same period last year.

U.S. agricultural exports, the traditional mainstay of U.S.-Soviet trade, had a value of $495m in the first half of this year, a decline of 54 per cent from the value of agricultural exports for the same period of last year which was $1.07bn.

The largest part of the value of U.S. agricultural exports this year was acounted for by sales of grain under a five-year 1976-1981 U.S.-Soviet grain purchasing agreement which allows the Soviets to purchase 8m tonnes of grain in each October-to-September buying year.

U.S. officials said that the Soviets have already bought all the U.S. grain to which they are entitled until September 30, but that more purchases were expected when the final buying year begins on October 1.

U.S. non-agricultural exports to the Soviet Union also fell in value, although a recent decision by the U.S. State and Commerce Departments may make it possible for the value of U.S. manufactured exports to the Soviet Union to begin to increase.

Non-agricultural exports, the biggest items of which were construction equipment and pressure-sensitive tape, had a value of $198m, a 48 per cent decline from the value of such exports in the first half of last year which was $378m.

The U.S. State and Commerce Departments have recently decided to authorise export licences for sale of oil and gas equipment to the Soviet Union but not for the sale of the technology and know-how to produce equipment independently.

GATT seeks better investment climate

BY PAUL CHEESERIGHT

THE MAIN task of economic policy is to create a more favourable climate for investment, officials at the General Agreement on Tariffs and Trade (GATT) today tell world economic leaders grappling with the problems of recession and higher energy prices.

Policy makers should discover and correct those conditions "in the institutional and policy framework of the economy which prevent the existing need and opportunities for more investment being translated into effective investment incentives," GATT says.

The plea comes in the introduction to International Trade 1979-80, published today.

Heading GATT's list of problems with which leaders need to come to terms in the creation of a climate for investment are inflation, unstable policies, counter-productive regulations, and, above all, what it calls "the growing uncertainty of access to foreign markets."

But in face of this litany of well-known problems, GATT seems relatively cheerful about the prospects. The reason is that a substantial volume of investment has been taking place. The effects of the latest round of oil prices have been better distributed than in the 1974-75 period, when savings were run down.

GATT proposes a variety of different recipes. For the non-oil producing, developing countries, there needs to be less dependence on foreign commercial borrowing without cuts in domestic credit formation. For the industrial countries, capital formation should be directed towards high productivity areas and energy adjustment.

But countries which keep petroleum product prices beneath their world market value are bound to waste capital on a large scale, GATT warns.

Swiss stiffen risk conditions

BY JOHN WICKS IN ZURICH

THE Swiss Government has stiffened conditions for insurance against currency losses within the country's export-risk guarantee programme.

This coverage, intended to compensate for any increase in the Swiss franc exchange rate, has been extended for a further period of six months but with an across-the-board reduction of 10 per cent of the guarantee rate and an increase of the premium levy from 200 to 300 per cent of the normal export-risk fee.

Bowater-Scott plans Grimsby mill

BY WILLIAM HALL

BOWATER-SCOTT, Britain's biggest disposable paper manufacturer, has announced preliminary plans to build a £70m papermill on Humberside. If the project goes ahead it will be the first papermill to be built in Britain for several years.

The company, jointly owned by Bowater Corporation of the UK and Scott Paper of the U.S., said yesterday that it had taken an option to purchase 40 acres of land at Grismby.

The option is open for 15 months, in which the company will be closely assessing the overall UK market

Bowater-Scott is the UK's market leader for soft tissues—one of the few sectors of the UK paper industry which is thriving. Unlike the producers of commodity grades of paper, such as newsprint, the tissue producers do not suffer from heavy import competition.

In the past 25 years production of tissue in the UK has risen by a factor of 25. Consumptio nhas recently been growing by 3 per cent a year. Between 1975 and 1979 Bowater-Scott's sales have nearly doubled to £110m and trading profits have jumped from £2.3m to £12.3m.

Bowater-Scott has about 40 per cent of the disposable tissue market. It produces tissue at Northfleet in Kent where it has three machines (total capacity 60,000 tonnes per annum) and Barrow-in-Furness on the northwest coast, where it has four tissue machines (total capacity 100,000 tonnes a year).

If the company goes ahead with the Grimsby project the first tissue machine could be operational by 1984-85. It will employ about 250 people and produce more than 30,000 tonnes of tissue a year.

If all goes well the company will buy a second machine by the end of the decade

The UK consumes about 400,000 tonnes of tissues a year and although consumption per capita at 7.2 kg is nearly two-thirds higher than in Western Europe generally, it is also about two-thirds lower than in the U.S.

BHS woos shoppers with a price freeze

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITISH HOME STORES, which has more than 100 outlets in the UK, yesterday announced a price freeze until the end of the year.

The freeze—effectively a cut in prices after allowing for inflation—reflects the continued tough trading conditions facing most retailers.

Marks and Spencer already has announced that it intends to keep its clothes prices down to 5 per cent or less this autumn, compared with an expected 12 per cent increase in general for clothes. Marks also has launched a price-cutting campaign for its major food lines and last week announced 10 per cent cuts in the prices of some home funrishings.

The British Home Stores move is aimed at maintaining volume sales at the expense of other High Street retailers.

BHS last year had sales of just more than £401m, including VAT, and pre-tax profits of £41.8m. The effect of the slump in retail spending on profits was shown last month by the interim financial results from F. W. Woolworth, which has ten times as many High Street stores as BHS. Woolworth's pre-tax profits fell by almost £16m.

The effect of High Street price-cutting on profitability will be shown next month, when BHS, Marks and Spencer and Tesco are due to announce their interim financial results. J. Sainsbury's half-year results are expected in November.

Both BHS and Marks have a high proportion of British merchandise in their stores and BHS made the point yesterday that if its sales promotion was successful, it would help its UK suppliers overcome the recession.

• The Government was urged yesterday to lift the surcharge on national insurance. Mr. Dennis Landau who took over earlier this week as chief executive of the Co-operative Wholesale Society, said the surcharge costs the food industry nearly £100m a year. He described it as "crazy" at a time of high unemployment.

Rhys David writes: Fierce High Street competition will lead to a reduced choice for shoppers, Mr. James Cleminson, president of the Food Manufacturers' Federation, said yesterday in Manchester.

Mr. Cleminson, speaking after a meeting of the federation's members, said consumers are spending less and retailers are having to cut profit margins to the bone to survive.

Supermarkets could be forced, as a result, to cut the number of brands on offer and concentrate on those where the profits are healthiest. In the first quarter of 1980 food manufacturers' profits were down to 2.65 per cent, the lowest for five years.

Rise likely in process expenditure

By Hazel Duffy,

Capital expenditure by the process industries — a major element in total capital investment—is expectetd to increase slightly over the next three years.

The overall rise is expected because of a big increase in spending by North Sea oil and gas industries helping to offset the expected decline in chemicals and oil refining investment.

The forecasts, prepared by the Process Plant Economic Development Committee of the National Economic Development Office, estimate that total capital expenditure by the process industries will amount to £15.3bn in the three years to 1982 at 1979 prices. Expenditure on process plant will amount to £5.84bn.

On an annual basis, the total spending forecasts 1979 prices, are: 1980—£5.13bn; 1981—£5.16bn; 1982—£5.02bn. Spending on process plant will be: 1980—£2.10bn; 1981—£2.02bn; 1982—£1.73bn.

Spending by the oil and gas production industries forms the largest single part of the totals. In 1980, they are forecast to spend £1.08bn; in 1981 £961m, and in 1982 £699m.

Process industries investment forecasts. NEDO. Price £8.19p postage paid.

November date likely for market opening

BY CHRISTINE MOIR

THE second tier market on the Stock Exchange — the Unlisted Securities Market—is expected to open quietly in November.

Yesterday, the Stock Exchange Council approved the final draft proposals drawn up by a special committee headed by Mr. Charles Eglington.

The market needs only the formal blessing of the Council for the Securities Industry at its next meeting, on October 2, before it can come into being officially.

However, the market will not be able to start until detailed changes have been made to the Stock Exchange Rule Book. This will mean that first dealings could not take place in the Stock Exchange floor before November, or possibly December.

Mr. Eglington said yesterday: "There is some urgency about getting underway. There are companies knocking on the door of the Quotations Department asking for permission to come to the new market."

Detailed proposals for the new market—intended to be carefully distinguished from the existing market for listed securities—were first published at the end of last year. They met fierce opposition from major market users, merchant banks, issuing houses, sponsoring brokers and provincial stockbroking firms.

Their criticisms and recommendations caused the Stock Exchange to revise its idea of creating a transitional market in which companies could be traded for a period before moving up to the main market. They may now stay permanently in the unlisted market.

It has also been forced to allow companies already long established on the market through rule 163(2)—enabling shares to change hands without companies being regulated by the Stock Exchange—to come to the new market without having to produce a full prospectus and accountants' report.

A new company, however, or one raising capital on the market will, under the Companies Acts, still have to produce a prospectus.

The council has also been criticised because it has been forced to concede to brokers the right to act as principals in the Unlisted Securities Market, to create and maintain steady markets in the shares of what are likely to be small companies with only local appeal.

Although this concession runs contrary to the Stock Exchange's professed commitment to single capacity—under which brokers cannot act as principals—the council yesterday passed this proposal without objection.

Star ends London editions

By Lisa Wood

THE DAILY STAR, Express Newspapers' Manchester-based tabloid, is to stop being printed in London after September 27 because of the group's need for economies.

Express Newspapers, which launched the tabloid in 1978, started printing it in London in January at an estimated annual cost of £3m. Facsimiles of the paper have been transmited from Manchester and printed in two editions nightly on Daily Express machines.

The London printing of the Star was launched in a blaze of publicity after prolonged negotiations with the print unions.

At its first birthday last November it was predicted by Mr. Victor Matthews, chief executive of Trafalgar House, which owns the paper, that circulation would "increase dramatically" when it was produced in London. One million copies of the Star, it was said, would be printed in London and it was hoped that total circulation would rise to 1.5m by this summer.

But with a circulation of just over 1m in the country, it has been losing about £750,000 a month and could lose £6m this year.

Split views on report contents

CONTRASTING VIEWS about the desirable content of company reports were presented on the second day of the Financial Times London conference Developing the Annual Company Report.

Mr. E. J. Symons, deputy chairman and senior finance director of BAT Industries, said financial content was paramount. In general, non-financial information should be included only as an aid to a better appreciation of the financial position, performance and prospects of the business.

Mr. R. C. Spinosa Cattela, Board member responsible for accounting information systems and automation at N.V. Philips' Gloeilampenfabrieken, said an annual report sets out to pro-

FINANCIAL TIMES
DEVELOPING THE ANNUAL COMPANY REPORT
CONFERENCE

By Robert Cottrell

vide information on the course of business in a company "in its entirety."

The report of Mr. Cattela's company was judged the best of 200 analysed in the Financial Times World Survey of Annual Reports 1980. Mr. Cattela said a company should, through its report "present itself to the reader as an entity."

The reader, he said, "is not addressed as a member of a certain interest group, but as a person involved in the total course of affairs in the company."

He said a business was part of a community "its activities are interwoven with what goes on around it in the general social scene." Such interdependence called for "mutual recognition, mutual identification."

Mr. Symons summarised his view of the annual report as: "A report by the diretcors to the shareholders who appointed them, of their stewardship of the company over the past year."

He took a cautious view of those calling for a requirement to expand the amount of information contained in the company report.

He noted that the transnational companies were frequently subjected to demands for more information. "Transnationals will need to be convinced that any minimum list of contents contains only really useful information appropriate to those audiences that have a legitimate interest in the company."

"In the vast majority of instances, transnational companies are at least as good as—and sometimes better citizens of — their host countries than many solely national companies," he said.

Mr. Symons was dubious about proposals advanced in the survey that the Organisation for Economic Co-operation and Development and the UN should act as monitoring agencies for transnational reporting standards.

Mr. Cattela contented that the company report should comprise an overall picture of the business "merged in such a way as to form a logical story."

This was necessary because "that, and only that, is the basis on which everyone connected with the company—whether as employees or capital-providers, suppliers or customers—can make a reasonable assessment of what their relationship with the company will be in future."

Mr. Symons said: "We should not overlook the employees whose livelihood is linked to the financial stability of the company. But I would suggest that there are other and more appropriate ways of meeting their needs."

Mr. Cattela said: "A company was judged not only on its financial results, but on its contribution to job creation."

However, Mr. Symons said: "it is not the responsibility of the company to create jobs but to use its resources, including employees, as productively as possible within the confines of acceptable employment standards."

Mr. Cattela identified net profit as the single most important element of the financial content of the company report. "Since that result is of such paramount significance, the method of calculating it must meet with the highest standards," he said. Philip's he explained, calculates its profits on an "actual value" basis.

A prerequisite of his company's creditbility was that "the result we show in the annual account is the same one as we confront all our responsible officers with."

The importance of employee and shareholder relations to economic performance was developed by M. Jean Catherine, director of social relations at France's Rhone Poulenc.

His own company had a specific need to develop an identity because, he said, "it was the result of many mergers, so many don't know what the company is."

Mr. Poulenc said company management involved itself "with social problems at the same level as economic and financial problems."

The spread of Rhone Poulenc's concerns was reflected in its annual report. Most recently, 37 per cent of space was given over to financial information, 13 per cent to social information, and 50 per cent to a report on activites durng the year.

Mr. Clarence Sampson, chief accountant with the U.S. Securities and Exchange Commission, gave the conference a personal view of the commission's activity. He saw the annual report circulated to shareholders becoming more important in comparison with the information which companies file directly with the commisiosn each year.

Last year's profits much better than expected

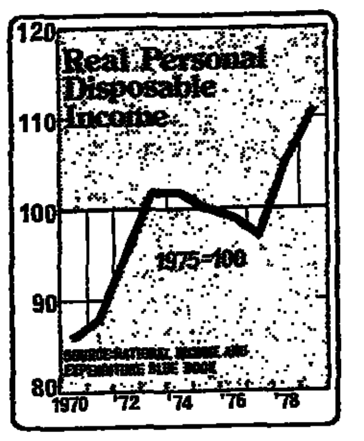
BY DAVID MARSH

BRITISH companies turned in a far better profits performance last year than had been expected, according to revised figures published yesterday by the Central Statistical Office.

Gross trading profits of industrial and commercial companies after stock appreciation rose by 11 per cent in 1979 to £21.7bn. The increase was well below the 18.5 per cent rise recorded in 1978, but compares with the earlier estimate that profits had risen by only 7 per cent to £19.6bn last year.

Last year's profit increase was wholly due to the sharply improved performance of companies involved in North Sea oil and gas production. Profits of companies outside the energy sector fell by 1 per cent.

The figures are contained in the CSO's so-called "Blue Book" on National Income and Expenditure for 1979. The publication also highlights a 6 per cent rise in living standards last year, compared with an increase in the economy's total output of only 1.5 per cent.



The rise in living standards, measured by real personal disposable income, followed an increase of 8 per cent the previous year. It measures the degree by which personal disposable income—mainly wages and salaries, but also including rent, dividends, pensions and other government grants—outstripped inflation last year.

Personal disposable income, calculated after tax and other deductions, rose by 18.5 per cent last year, somewhat more than the 17 per cent rise in pre-tax income. This mainly reflected last year's cuts in income tax.

The 14 per cent rise in living standards during the past two years has only been exceeded once since the war, in 1972-73.

Although company profits last year were higher than originally estimated, the performance of companies outside the North Sea oil and gas sectors remained poor.

Excluding the North Sea sector, total economic output measured by gross national product at constant prices would have risen by only 0.5 per cent, instead of 1.5 per cent.

The share of company profits generated by this industry group rose to 22 per cent last year from 12 per cent in 1978.

Lower wage increases predicted

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A MARKED slowdown in the rate of pay rises is likely during the coming wage round, according to the latest economic outlook from the London Business School.

The school, one of the main influences on the monetarism of Treasury Ministers and advisers, says it is difficult to see any area in which employers can afford to make substantial pay settlements. The cushion of profits from two good years, with which many enterprises entered the last pay round, has been eroded.

In the search for a figure with which to start negotiations many employers may seize on the current monthly rate of inflation which (at an annual rate of some 12 per cent) is distinctly less than the year-on-year figure.

"The uncertainties as the pay round opens are as great as ever. But these arguments suggest that we should look for earnings growth over the coming pay round in the range 10 to 15 per cent, compared with the 15 to 20 per cent we faced this time last year."

The school points out that during the last pay round, public sector employers reversed the decline in their relative earnings which had occurred during the previous three years. By the middle of this year, public earnings were back towards the national average and parity with manufacturing employees.

"Given the renewed signs of upward pressure on public sector borrowing, the authorities are bound to make a determined effort in the 1980-81 pay round to avoid a repetition of the 1979-1980 experience."

There are strong pressures restraining pay claims and settlements in manufacturing. The profits of financial institutions are now threatened, so they would probably follow any move towards moderate settlements made by the public sector. Other service sectors are also under pressure to limit pay rises.

Short time hits 6,500 in new BL cuts

By John Griffiths

BL IS to cut output of its Morris Ital, Austin Maxi and Princess models for at least two months, to prevent a build-up of stocks.

The Cowley plants where they are produced will have the annual autumn holiday, starting on Friday, extended from one week to two.

Until the end of November, the Ital will be produced four days a week; the Maxi and Princess for four days a week during October, then three days a week throughout November.

The cuts will mean a total average production at Cowley of about 1,900 cars a week, against a capacity of about 7,000.

About 6,500 manual workers will be affected. Most of these will be at the Austin Morris assembly plant, which has about 4,500 manual employees. The others are at the nearby Pressed Steel Fisher body-making and engineering plant.

Exception

Unions at the two Cowley plants have also been told that BL wants to cut 1,000 more jobs from the total 10,000 manual workforce by the end of this year. Several hundred jobs have been lost already through natural wastage.

With the exception of the Metro line at Longbridge, all BL's main plants are affected by lay-offs or short-time working.

● Sir Michael Edwardes, BL chairman, and Mr. Pat Lowry, personnel director, met Mr. James Callaghan for an hour at Westminster yesterday to discuss the company's recovery prospects.

The purpose of the meeting was to seek Opposition support for any future move by BL for increased Government aid.

Hugh Routledge

THE prototype of Britain's advanced passenger train "will be in service before the end of the year," Mr. Norman Fowler, the Transport Minister said yesterday after his first ride on the 150 mph train.

He boarded the train for a 103 mph, average-speed "personal, private run" from Euston, London, to Crewe

The original plan, for a well-publicised inaugural run all the way from Euston to Glasgow was cancelled after BR decided more proving trials were needed.

Passenger services with the first prototype were to have started on October 6, a year later than planned, because of technical problems. The extra proving trials and a further 25,000 miles of test running were called for after changes a year ago to the tilt mechanism.

British Rail designers had found that the system on the APT tilted the carriages on bends

Yesterday, Mr. Fowler said he had enjoyed his trip, which was very smooth and showed the passenger potential of the train. But he was not ready yet to approve £150m investment for a fleet of 60 APT sets.

State role urged in microelectronics

BY JASON CRISP

MUCH increased state intervention in the micro electronics industries is proposed by a Labour Party discussion document published yesterday. Dame Judith Hart, chairman of the working group which produced the report, warned that GEC could be nationalised by a future Labour government.

The poor record of private industry in developing microelectronic technology indicated that the public sector should assume responsibility. This would help the rapid spread of micro-electronics in the UK economy, says the document.

It adds that if Britain is to have its own capacity in such electronics sectors as telecommunications, office automation, consumer electronics, and electronic components, Labour must look closely at restructuring these industries under public ownership.

"GEC, which occupies a pivotal position in the UK industry, will form an integral part of these plans."

Dame Judith criticised GEC for not taking its opportunities. British industry would be in a better position if it had, she added.

The document also says workers should demand more control over their labour in return for co-operating with the spread of microelectronics, and more control over the allocation of the resulting rewards.

The report sees scope to aid the development of domestic chip production and provide help for Inmos, the chip manufacturing company backed by the National Enterprise Board, by "harnessing the purchasing power of the public purse."

Public procurement should also be used to support the development of new applications.

The document also calls on a future Labour government to use public money to back technically advanced small companies, to make up for the gap left by private finance.

It wants more support for and a redirection in state-funded research and development. It sees a need to support the Post Office in a rapid development of the telecommunications infrastructure, saying the Post Office's modernisation plans should not be hindered by rigid cash limits. Britain should match the French investment of £3bn a year—double the UK level—in its telecommuncations system.

The document also notes that the new technologies open the way to extending collective bargaining to wider areas. It says that the far-reaching change in working practices which will result from the introduction of micro electronics gives a similarly large opportunity to the Labour movement to extend its power over, and responsibility for, production.

Because of the rapid changes in requirements of skills, the report calls for extensive training and retraining programmes to provide opportunities to learn new skills, greater mobility between occupations and jobs, and improved prospects for new entrants to the job market.

North Sea oilfields link is completed

By Ray Dafter, Energy Editor

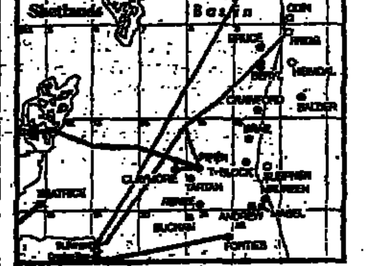
A GROUP of North Sea oil companies, led by Shell, have completed the installation of a North Sea telecommunications network. The system, costing over £6m, is claimed to be the biggest and most complex in operation in UK offshore oilfields.

Shell Expro, as operator of the Shell/Esso partnership, said the system was the "communications lifeline" to shore for eight oil platforms lying more than 100 miles north-east of the Shetland Islands."

Shell and Esso, which own six of the platforms, have invested £5m in the network, called the North East Shetlands Basin Area Communications System.

The system is the result of collaboration between Shell Expro, British Telecom, and Marconi Communication Systems, of Chelmsford, which designed and installed the major part of the equipment. Other substantial elements were manufactured by Pye, Ferranti, and Standard Telephone and Cables.

The system serves five fields, including Shell/Esso's Dunlin and Cormorant "A" discoveries, British National



Oil Corporation's Thistle Field and Continental Oil's Murchison find, which is about to be brought on stream. At the core of the network is Shell/Esso's Brent Field, the biggest in the UK sector of the North Sea which is costing £3.4bn to develop.

The companies concerned see the system as a vital element in oil production operations. It carries computerised information on the minute-by-minute activities in the fields. Details of production and pipeline operations are relayed to Shell Expro's £25m computer terminal at Aberdeen. The men on the platforms are also linked by direct dialling to British and international telephone networks.

The information from the platform is relayed ashore by tropospheric scatter. The radio waves are scattered in the troposphere—the lowest layer of the earth's atmosphere—where they are "visible" to aerials over the horizon. Since 1974 British Telecom has invested £7m in these systems to serve the North Sea and expects to spend a further £2.5m by 1982.

The communications network is also important for marine and air service operations. More than 700 vessels are expected to visit the fields in the Brent area this year.

Carpetmakers' crisis

FINANCIAL TIMES REPORTER

BRITAIN MAY lose its carpet industry unless the Government brings down interest rates and tries to resist "unfair" imports from the U.S., Mr. Michael Abraham, president of the British Carpets Manufacturers Federation, said yesterday.

The industry needs much lower interest rates to be able to service its borrowings. Many companies are borrowing from banks simply to pay off interest, he said at the London launch of a "buy British carpets" campaign.

Urging the Government to "face up to the EEC" on the question of unfair imports from the U.S., he said these could have a disproportionately destructive effect on the carpet industry.

UK manufacturers have some 80 per cent of the home market but this is shrinking and this year was about 12 per cent smaller in volume terms than last year.

So far the European Commission has not supported calls for restrictions on imports.

Mr. Abraham has warned that all but a handful of Britain's carpet manufacturers will make losses this year. Seven companies went into receivership last year, with three in the first four months of this year.

The number of employees in the industry has also fallen sharply from 47,000 in 1974 to about 28,000.

Overseas aid system supported

BY JOHN HUNT

THE COMMONS Foreign Affairs Committee has come out strongly against any proposal to abolish the development divisions which identify and supervise Britain's overseas aid programmes.

In its report published yesterday the all-party committee says: "Now that the merits of the British system of aid management are apparently beginning to be more widely recognised, it would be a remarkable irony if we were to start dismantling it.

"We recommend that in view of the proven worth of development divisions no measures should be taken to reduce their effectiveness as an instrument of aid management."

One of the terms of reference for the inquiry was to consider the arguments for and against the continuation of the present system. There are five divisions, controlled by the Overseas Development Administration, and based on the Middle East, Caribbean, South-east Asia, East Africa and Southern Africa.

But the committee does recommend that the ODA should develop improved methods of analysing its administrative costs and should also improve the terms of service of its overseas staff.

It also suggests that the divisions should play a larger commercial role passing on information to British interests about opportunities for work under multilateral or consortia arrangements.

The setting up of a development division in the South Pacific as soon as possible is another recommendation.

The committee sees no merit in the suggestion that specialist advisers should be posted to individual overseas missions. It prefers the regional approach of the divisions which enable a team of specialists covering a broad spectrum of skills to advise on aid to a group of countries. The Japanese are considering changing to this method for their own aid programme, it states.

"We believe that there should be no weakening of the UK presence in the Third World," the committee says. "A reduced bilateral aid programme will require more, not less, intensive and effective management."

CONTRACTS

Airbus flight control system

Smiths Industries has received an order worth £1.4m for flight control system equipment from SFENA France, the main contractor for the European Airbus flight control system. The flight control system for the Airbus, with automatic landing facilities, has been designed and developed by SFENA with the help of Smiths Industries as a collaborative sub-contractor.

★

The Lumus Company has awarded LUDLAM SYSCO contracts worth more than £300,000 for the analyser systems associated with Esso Petroleum's Process Computer Project at the Milford Haven Refinery. Refurbishment work on nine existing analyser houses will include replacement of heating and ventilating systems, the upgrading of sample conditioning and safety systems, and the fitting of new equipment.

★

Royal Insurance has ordered nearly £1m worth of advanced RACAL-MILGO data communications equipment. The equipment will provide links in a major upgrading of the Royal Insurance nationwide computer network involving nearly 70 branch offices throughout the British Isles.

★

A contract valued at £400,000 has been placed with MARRYAT JACKSON NORRIS for air-conditioning and piped services in the refurbishment of a laboratory block for Glaxo Research at Greenford, Middlesex. The main contractor for the project, which is due for completion this year, is Costain Construction. Consulting engineering has been handled jointly by Glaxo Production Engineering Services and Marryat Jackson Norris.

★

Peterborough City Council has placed an order worth almost £250,000 with INTERNATIONAL COMPUTERS for an ME29 computer and six 7700 information processing systems which will provide facilities for both data and word processing.

★

Hertz Rent-a-Car has ordered an initial quantity of 50 BMW 316 models from Bristol Street Motors—the first time the UK operation has put BMW models on hire. The order is worth over £300,000.

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Pupils fail on money problems

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MONEY calculations involving wage increases and interest payments are too difficult for most children nearing the end of 11 years' compulsory schooling, says a report published *today* by the *Department of* Education and Science.

The report, by the department's Assessment of Performance Unit, is based on mathematics tests taken in November 1978 by 13,879 pupils aged 15, made up of 9,077 in England, 2,752 in Wales and 2,209 in Northern Ireland.

The tests howed that four in every five pupils were proficient at straightforward addition, subtraction, multiplication and division, but only when the problems were presented in traditional "sum" form, with the numbers to be computed arranged one above the other.

The tests of relatively simple mathematical concepts, skills and applications resulted in average scores ranging from 64 to 45 per cent. In papers assessing more complicated processes, such as calculating measurements from diagrams and working out ratios, the averages fell to 31 per cent.

Among the problems involving money, two in every five *correctly calculated the new* wage after £50 a week was increased by 6 per cent plus £1 a week.

Only a quarter of pupils could work out the simple interest on £1,500 for nine years at 7 per cent.

The *traditional* geometry and traditional algebra questions produced average scores of 43 and 35 per cent respectively. In "modern" algebra the average declined to 32 per cent, and in "modern" geometry to 27 per cent.

The report emphasises that the results are not an adequate yardstick for judging pupils' *maths abilities*. The tests merely provide a basis for future assessments of *whether* 15-year-olds' performance is improving or deteriorating.

The exercise, nevertheless, sets some thorny problems for those in chareg of educational policy.

It confirms findings that boys consistently do better than girls at mathematics, and that pupils of schools in richer districts score more highly than their counterparts in poorer areas.

The results also confirm findings that, on the whole, children in schools with "bigger" classes do better than those in smaller classes.

Mathematical Development—Secondary Survey Report No. 1. HMSO; £6.50.

New push for scheme to save on prescriptions

By Robin Pauley

THE Health Department was accused yesterday of not introducing "triple prescriptions" which could improve both safety and economy of medicines.

Mr. David Sharpe, president of the Pharmaceutical Society, *said at its annual conference* in Newcastle that the scheme would allow doctors to give patients prescriptions post-dated for up to a month.

The patient would not need to keep returning for renewals at the same time he would not be given enough medicine to do *himself* mischief.

The advantage to the public purse is that patients would have, *at the most, one* month's supply of medicine at their disposal. The days when disposal campaigns discovered families with 500 or 600 tablets in their cupboards would be over."

However, the Government appears to be hesitant after years of discussion. Pressure on the Health Department *will* have to be renewed, he said.

The DHSS said yesterday that Ministers are considering *the scheme*, although there were reservations about *increased costs of* administration and having new triplicate *forms printed and distributed.*

'Sensible' measures to keep the flag flying

British Airways this week stepped up its efforts to stem its mounting operating losses. Michael Donne, Aerospace Correspondent, looks at the State airline's fight for survival.

ECONOMY measures announced by British Airways *earlier this* summer (including staff cuts of up to 3,500 through natural wastage), and designed to save upwards of £50m in 1980-81, have not been enough to shield the airline from the worsening effects of the world-wide business recession.

British Airways is not alone in suffering from a shortage of passenger and cargo traffic. Virtually every major airline in the world this *summer has* reported severe cash losses and falling traffic as the recession has bitten more deeply.

Now, British Airways has been obliged to take further urgent economy measures. These are designed to stem pre-tax losses which, for the first four months of this financial year alone, amounted to £17m. For the *same period* last year, the airline had built up a pre-tax *profit* of £42m.

For the current financial year as a whole, the airline has been budgeting for a net profit of about £78m.

But so swift has been the world airline decline that by the end of July, BA already was £100m short of its planned revenue target. This was because of an 8 per cent decline in passenger and cargo carryings over the first four months of the financial year, compared with the same period last year.

By the end of August, the deterioration appeared to have *accelerated*, for *the* airline was nearly 11 per cent down in its total business *on what it had* planned to achieve.

This is the background to the measures announced this week by the airline's *chief* executive, Mr. Roy Watts, to stem the mounting losses.

These include cutting out routes, including a number from Gatwick to the Continent, as well as from Heathrow; suspending the Concorde service to Bahrain and Singapore from *November 1, which had been* losing up to £7m a year; and cutting out the *London-Moscow*-Tokyo route, and that to Georgetown, Guyana. In all, up to 50 services a week will be cut out this winter.

These measures will save some £20m a year. Other economy steps include deferring the delivery of some new aircraft — such as the sixth Chinook helicopter for British Airways Helicopters — and deferring payments on some of the new fleet of Boeing 757 and 737 jets. The airline however, adamantly opposes any cancellations of these aircraft, which it *regards as its* lifeblood for the future.

Other fleet changes include the sale of one surplus Boeing 747 *Jumbo* jet as a result of the route decisions, while efforts will be made to take the Boeing 747 freighter due for *delivery next week on a financial* leasing basis, rather than *buying it* outright for £40m.

Some older jets in the fleet, such as VC-10s, will be *phased* out more quickly.

The airline is also taking a hard look at some of its properties to see if they can be either sold for cash, or sold and leased back. No decisions have been taken, but properties under study include the Victoria Terminal and West London Terminal, the old BEA offices at Ruislip, *and the* Cranebank training centre and sports grounds. Hotel investments are also up for review, while the BA interest in the London Portman hotel is up for sale.

British Airways stresses that these are "sensible business decisions" and not panic measures. While the airline is not yet diving to disaster, it might soon be doing so if these further economy measures were not taken. Just how far they will work remains to be seen. Much will depend upon how far the business recession *continues before* a *revival* in traffic occurs.

But Mr. Watts has stressed that the airline cannot wait. "We are in a very serious financial situation. If we allow it *to continue, our whole* future is at risk."

The airline's management clearly is trying to do all it can, short of getting rid of staff. The reduction of 3,500 this year through natural wastage and curbs on recruitment, coupled with voluntary early retirement, is moving through—about 2,500 have gone already.

While the airline wants to avoid compulsory redundancies if it can, it makes no promises. As Mr. Watts put it: "We can *avoid it only on the clear understanding* that there has to be a *firm deal between all the people* who work for British Airways."

There *have to* be *changes*, he said: "We must all be ready to do different jobs, and to do existing jobs in different ways. People whose existing jobs will disappear, regardless of job or rank, must be ready to turn their hand to whatever wants doing. Survival means change, *whether we like it* or not."

Spelling this out in detail *will probably be painful* to the unions. But Mr. Watts says that *when they get round the table* soon to discuss long-term objectives for next year, items for discussion will range from allowances to pensions costs and to inefficient duty rosters.

"These are the kind of things that put jobs at risk and there is no sense in that. We have enjoyed a long period of much needed peace and stability on *the industrial relations front* and it is essential that we build *on that.*"

On the more positive side of building up the business, Mr. Watts has made it plain that in spite of the route cuts and other measures, the airline still intends to open new routes where it sees the possibility of profits.

New Orleans, Pittsburgh and Western Canada all figure in *its plans, and it will start* a non-stop service soon to Johannesburg to meet the competition.

Moreover, the airline does not intend to be deflected from its policy of pursuing cheaper *fares in an orderly* manner. It believes that a carefully-*phased policy of fares reductions* is the best way to stimulate new business—and it intends to continue with its plans to abolish first-class fares in Europe and introduce the new Club Class rates instead.

Amsterdam is the next target, for Club Class, after the success on the Paris route, followed by Scandinavia, while this winter the airline is also offering fares cuts of a wider nature to West Germany in conjunction with Lufthansa.

Other positive measures to improve revenue include major sales drives at home and overseas, efforts to raise the volume of duty-free and other retail sales on aircraft, and improved hotel and package tour offers. The airline also will take on *more work for outside companies.*

As Mr. Watts has been at pains to point out, the airline *is not yet in a crisis, but it* could well be if it does not take this kind of action now.

Isle of Man postal rise

RISING costs *have forced the* Isle of Man postal authority to *increase rates for* letters and parcels. The new rates, under *consideration for some time*, begin on September 29.

Mr. Peter Newbold, the authority's chief executive, said in Douglas *that* it would cost 9p to send a letter to Great Britain, the Irish Republic, and the Channel Islands. This was the only postal rate for letters, and it was one of the lowest in Europe.

He said there was no intention to change the 7p rate for inland Isle of Man letters. Parcel rates were being in*creased to get rid of anomalies* in present rates, as well as to meet rising costs. Outward parcels traffic is very small.

Mr. Newbold *said that* this year, for the third year running, there would be concessionary Christmas period rates 1p lower than the normal letter rates. The date of operation would be announced later.

Awards for gas savings

BY RAY DAFTER, ENERGY EDITOR

A SHEFFIELD engineering company, GKN Shardlow, and Leicestershire Area Health Authority *have won this year's* East Midlands Gas energy *management awards.*

A saving of almost 1.5m *therms—enough to supply the* gas needs of 2,300 homes for a *year—earned* the industrial section award for GKN Shardlow, a manufacturer of crankshafts.

Leicestershire Health Authority won the commercial section award for its 20 per cent fuel saving achievement at the 803-bed Leicester General Hospital.

Mr. Keith Summersgill, Emgas deputy chairman, said yesterday that in the *four* years the competition had been running, savings of over 42m therms had been achieved. This was sufficient to maintain gas supplies to 75,000 average *households for one year or* to meet the annual gas needs of Chesterfield and Mansfield.

The presentation was made at a four-day exhibition in Alfreton, Derbyshire described by Mr. Bryan Smith, British Gas member for marketing, as a "unique occasion" in which manufacturer, consumer and supplier had been brought together to discuss future energy conservation.

Ulster redundancies grow

BY OUR BELFAST CORRESPONDENT

THE NUMBER of redundancies in Northern Ireland in the eight months to the end of August *was* 9,381, *more* than last year's total of 8,700.

The rate of job losses in the province is still accelerating, according to figures from the Northern Ireland Department of Manpower Services.

Another 3,045 redundancies have been announced since June, when the half-yearly total was 6,336.

The latest blow to employment—the impending loss of 420 jobs with the closure of the Du Pont acrylic fibre plant near Londonderry—is not included in the figures.

At the same time, more than 14,300 employees are on short-time working, most of them in textiles and clothing. The number of redundancies averted under the Government's short-time working compensation scheme is 6,600.

The output of Northern Ireland's manufacturing industry fell by 8 per cent in the year to July with a dramatic 26 per cent decline in textile production.

BBC schedules threatened by demarcation disputes

BY GARETH GRIFFITHS

THE BBC's autumn and winter television programmes face possible disruption by a series of *demarcation disputes* between several unions, and officials are worried that the present craftsmen's strike could be the tip of an iceberg.

Work on several children's and light entertainment programmes has been stopped by the dispute which involves members of the Association of Broadcasting Staffs and the *National Association of Theatrical*, Television and Kine Employees. The corporation said last night 376 people from the scenic effects and construction departments had been taken off the pay roll.

The ABS London television committee met yesterday to discuss the dispute. Both unions are keeping in touch and are annoyed at a BBC decision *to cancel a meeting* with departmental managers scheduled for today. The meeting had been planned several weeks ago to *discuss changes in the scenic* and construction departments, which the BBC wants to slim down.

The strike which started on Friday, is over the suspension of 27 craftsmen and their labourers on Thursday. The dispute arose over a location filming incident on August 19 involving the special effects and the scenic effects and construction department. The BBC would not allow scenic effects staff to go on location, saying special effects staff could do the job.

In a document sent to staff yesterday the BBC said the unions had not exhausted the disputes procedure and referred the matter to the Advisory, Conciliation and Arbitration Service. BBC officials expect the dispute to last at least until the end of the week.

The BBC has a series of similar disputes at the moment —at its *Birmingham studios*, in the North of Scotland and most importantly a row between the ABS, NATTKE and the *Electrical and Plumbing Trades* Union over a Terry Wogan programme.

This dispute is due to be heard by the TUC disputes committee later this month, but the BBC is afraid a rash of similar problems is likely for the rest of the year.

AUEW section leaders to meet over merger

By Our Labour Correspondent

LEADERS of the four sections of the Amalgamated Union of Engineering Workers will meet at the TUC on September 24 to try to clear obstacles to *a full merger of at least three* of the sections.

The white collar section, AUEW TASS, has written to the Government - appointed Certification Officer, who oversees union mergers, threatening *legal action if the merger* of the three craft sections goes ahead as planned.

TASS is concerned that a merger of the engineering, foundry and construction sections would damage its *autonomy and force it to alter* its appointment system for full-time officials.

Health workers reject action

DELEGATES representing 100,000 health service workers in clerical grades yesterday *rejected a call for industrial* action.

They voted to accept a 14 per cent pay offer as an interim measure, and to refer their claim for an 18 per cent increase to maintain a pay link with Civil Service grades, to the Advisory, Conciliation and Arbitration Service.

TUC asks to meet Thatcher

THE TUC General Council has written to the Prime Minister *asking for a meeting as soon as* possible to discuss unemployment and action to alleviate it.

The General Council members also *will want to discuss* the level of demand in the economy, interest and exchange rates.

Transport union threat to oil supplies

By Our Labour Correspondent

A THREAT of disruption to oil supplies came yesterday as the Transport and General Workers' Union presented a claim of about 20 per cent for its 3,700 refinery workers at Shell.

The union has already presented a *similar claim to BP*, and will put the claim to Esso and Texaco in the next few days. The claim includes a cut in the working week to 35 hours.

Mr. John Miller, the TGWU national officer, has asked for the support of tanker drivers at oil refineries, also members of the TGWU, if agreement cannot be reached.

He said that BP had already responded with an offer of 10 per cent. The company said it *had only received claims for* workers in refineries in Kent and Grangemouth.

Seamen may strike over Cunard liners plan

By John Lloyd, Labour Correspondent

The National Union of Seamen has threatened widespread industrial action in an attempt to prevent the Cunard shipping line from re-registering two of its three passenger liners under a flag of convenience.

Cunard, a subsidiary of Trafalgar House, said yesterday that partial ownership of Cunard Countess and the Cunard Princess would be transferred to an overseas subsidiary and would cease to operate under a British flag.

The aim of the move is to enable the company to employ foreign seamen at lower rates of pay than those enjoyed by UK seamen, and thus cut the ships' losses. The shipping, aviation and hotels division of *Trafalgar* lost £1.63m in the first half of the financial year to March.

The company said the 200-*plus seamen on the two ships* would be transferred to the line's most prestigious vessel, the QE2, without redundancies. The officers would not be affected.

The union's executive committee met to discuss the situation yesterday and issued an urgent request to Cunard for a meeting. The NUS has also asked for a full breakdown of the company's financial position.

Mr. Jim Slater, the union's general secretary, *said the* NUS would not hesitate to take action in other sectors of the shipping industry to prevent the ships being transferred to a flag of convenience.

Addressing a meeting of the crew of the QE2 at Southampton, Mr. Sam Meluskie, NUS assistant general secretary, *said one possibility for industrial* action could be a sit-in on the two ships.

Pauline Clark looks at the background to the dock strike threat

Dockers fear jobs 'lost forever'

"IF WE had blatantly broken an agreement, you can bet anything you like, it would be plastered all over your front pages tomorrow morning."

It was in this vein—indignant and angry—that Mr. Alex Kitson, general secretary of the 2m-strong Transport and General Workers Union, appealed at a Press conference for a clear understanding of the principles underlying the call for a national dock strike from next week.

Yes, there was no doubt the strike could have serious consequences for the British economy, he conceded. "But the employers have given us no option and it's for them to find the solution."

When the union's executive gave its backing on Monday to the decision of Britain's dock union leaders to *strike over* 180 threatened redundancies in Liverpool, it took well over an hour to consider its stance.

Dictated

But overriding all the issues *involved in the dispute with* port employers on Merseyside, was the central point that in 1974 employers had agreed there would be no compulsory redundancies in the docks.

As Mr. Kitson put it: "If you once open the door there is no way you can stem the tide." The executive's thinking was clearly dictated by the fears *that beset Britain's* 23,000 dockers.

At a time of recession, when some of the country's biggest port employers are finding it difficult to make ends meet and when a job lost could mean a *job lost forever, the only* security for thousands is that 1974 agreement.

The force with which that argument has come home to the dockers was demonstrated on Monday by the unanimous decision *to call a strike from next* Sunday night in spite of the Liverpool employers decision last week to postpone all redundancies until the end of the month.

The *union* could then have given the employers two weeks instead of one to decide whether they can achieve a sufficiently improved take up of severance pay—expected to be increased from £8,500 to £10,000 by a national port employers decision *this week*—to relieve the immediate burden of surplus labour n Liverpool, and thus enable them to rethink their redundancy threat.

But the union is not concerned with the severance pay hopes. "It's up to the individual to decide on that. We are in the business of protecting jobs," Mr. Kitson argued.

The pact which is crucial to the protection of jobs is known as the Aldington/Jones agree-*ment drawn up between Mr.* Jack Jones, former general secretary of the TGWU and Lord Aldington, then chairman of the Port of London Authority, to provide a long term formula for ending dockers' disputes after the strike of 1972.

Since there is no legal obligation on either side to abide by the recommendations on redun-*dancy that are contained in the* agreement, the force of its terms may be open to interpretation.

The present dispute pivots on the agreement concerning the use of the Temporary Unattached Register, which in 1971—when the number of permanent men being declared surplus to requirements *averaged* 6,690, *was* being used widely to place dockers who were effectively out of a job. duced with the enactment of the *1967 Dock Labour Scheme* which ended casual labour in the docks. It was designed specifically to receive dockers pending disciplinary inquiries and those who lost their jobs overnight because of bankruptcy and were awaiting reallocation by the National Dock Labour Board. The board pays them a minimum wage, now £55 a week.

With rapid modernisation of the ports and the consequent affect on dockers jobs, the register became increasingly an object of hate and fear and a *receptacle for what* they believed amounted to compulsory redundancies.

Meanwhile, the labour board, a statutory body which administers the organisation of dock labour and severance pay schemes, was finding it increasingly difficult to reallocate men on the register to other employers without causing more business failures.

Register

After the strike of 1972—which demonstrated the increasing fears of dockers over their jobs—a committee was formed *under Mr. Jones and Lord* Aldington to examine issues arising out of modernisation, and in particular the reduction of the use of the register. At that time 1,650 men were on the register, mainly from London and Hull, in spite of 10 per cent surplus labour being retained by employers.

The committee also made *recommendations on rationalisa*tion of container groupage work and on voluntary severance schemes.

By 1974, the committee made its recommendation that the register should not be used except for dockers awaiting disciplinary procedures. It is from this platform that the TGWU is arguing today.

The union says it was because of this recommendation that it agreed to co-operate with the severance scheme to reduce *dock labour in the face of* increasing containerisation and other modernisation.

In retrospect, the pact is taking on the dangerous aspect of a fair weather agreement. Employers had their surplus labour problems then but it has taken the present economic crisis expose its weaknesses.

Liverpool employers, led by the Mersey Docks and Harbour company, are arguing that there was no agreement, but just a recommendation. They say they have been happy to go along with the recommendation until now but can no longer afford it.

They have attacked the National Dock Labour Board for describing as "unacceptable" their plans to make redundant and to place on the register 180 dockers employed by T. and J. Harrison, the Merseyside stevedoring company, and Bulk Cargo Handling Services. The Board, they say, has failed to *discharge its responsibility to* take into account the economic problems of the port.

The fight is being led by the biggest employer, the Mersey Docks and Harbour Board which recorded a £2.54m loss in the first six months of the year and which claims that surplus labour costs for Liverpool employers have this year already amounted *to £1.2m. It says it cannot pay* more surplus dockers the fall back rate of £78.50. It is already paying about 800 men a day that rate—and has refused to withdraw its threat to make redundant the new surplus of 180.

Central to the port employers' argument, however, is their insistence that the Aldington/ *Jones* agreement is a decade out of date and cannot be upheld in the presen. economic circumstances.

The Liverpool employers appear, so far, in no mood to meet the TGWU's demand that they give a written undertaking that the register will not be used.

The Liverpool employers were banking on a reasonable period of time in which to test the take-up of severance pay. The dockers, by calling a strike next Monday, have made a solution to the present dispute virtually impossible through that avenue in time to avert the national stoppage.

APPOINTMENTS

Senior overseas executive change at Taylor Woodrow

Mr. Walter Hogbin has become managing director of TAYLOR WOODROW INTERNATIONAL, principal overseas operating member of the Taylor Woodrow Group. He succeeds Mr. Ron Whitehouse, who has resigned that position to concentrate on the company's *operations in* Malaysia, but will remain on the Board.

Mr. Hogbin joined the group in 1961 and *transferred to the* Taylor Woodrow International team in 1966. He went to Dubai in 1973 as deputy project manager on the *£300m* drydock and ship repair facility on which he took over as project manager from 1975 to completion last year.

Appointed a divisional director of Taylor Woodrow International in 1977, Mr. Hogbin joined the *Board as a full director the* following year.

Mr. R. H. England has been appointed to the Board of *Taylor Woodrow Construction* (Northern), based in Darlington, Co. Durham. He joined Taylor Woodrow Construction Limited in 1953 and was made a *director* of that company in 1975 after a five-year divisional directorship.

★

Tun Ismail bin Mohd Ali has joined the board of SIME DARBY BERHAD. Tun Ismail recently retired after 18 years as Governor of Bank Negara, the Malaysian Central Bank. He is chairman of Permodalan Nasional Berhad (National Equity Corporation), Malaysian Industrial Development Finance Berhad and Malaysian Kuwaiti Investment Co. Sdn. Berhad. Mr. L. R. Patterson has resigned as a director of Sime Darby Berhad in connection with his new appointment to head Sime Darby's business development in the Middle East.

★

Mr. Robert Thorpe, former chairman of Anderson Strathclyde, has joined N. M. ROTHSCHILD AND SONS as a consul-*tant to the bank's natural* resources group. He will advise Rothschilds and its clients on development and investment in the world coal and coal processing industries.

★

LANGHAM LIFE ASSURANCE COMPANY has appointed Mr. D. W. O. Lawrence as an executive director. Mr. John O'Neil has also been appointed to the company.

★

Sir Robert Crichton-Brown has been appointed a director of DAILY MAIL AND GENERAL TRUST.

★

Mr. Reg Gittins has joined the Board of HORNSEA POTTERY COMPANY as director, *Lancaster.*

★

Mr. Eric H. Cockram, director and *general* manager of B. LANSDOWN AND SONS, Trowbridge, publishers of the Wiltshire Times and News and a *division of* Westminster Press, will retire on October 9. His successor will be Mr. William K. Gibson, at present assistant *general manager of York and* County Press.

★

Air Chief Marshal Sir David Evans is to be the new Vice-Chief of the DEFENCE STAFF (personnel and logistics). He takes up his appointment on March 28. He leaves headquarters RAF Strike Command as its Air Officer Commanding-in-*Chief and Commander-in-Chief* UK Air Forces, an appointment he assumed on March 28, 1977. His new position carries with it membership of the Defence Council. He succeeds General Sir Patrick Howard-Dobson.

★

Mr. James A. Rowland has been appointed contracts director of UNITED KINGDOM CONSTRUCTION AND ENGINEERING COMPANY, a member of the WGI group of companies.

★

CITICORP INTERNATIONAL BANK, London, has appointed Mr. Andrew Dobson, Mr. Edwin B. Powell and Mr. Otto Van der *Wyck as executive directors. Mr.* R. G. L. Smith will join the Board on October 1 as executive director in charge of Eurosecurities sales and trading.

★

Professor Samuel Eilon has resigned from the Board of CAMPARI INTERNATIONAL.

★

The INTERNATIONAL WOOL SECRETARIAT has appointed Dr. Richard Janes as director, carpets and home textiles. He will take up his post in January 1981 and be seconded for three years from the New Zealand Wool Board where he is deputy group manager, market development department. Dr. Janes succeeds Mr. Brian Lucas, who has been transferred to an administrative post in Europe.

★

Mr. K. B. Ward Lilley has been appointed a local director of the London North Western District of BARCLAYS BANK.

★

Mr. D. L. Jenkins and Mr. D. H. Smith have been appointed to the Board of FOSTER WHEELER WORLD SERVICES.

★

Mr. Clive Lawrence has been appointed a director of HARVARD SECURITIES.

★

Mr. Ian Clark has become deputy head of the North East *commercial business division of* the TRUSTEE SAVINGS BANK. He has been senior manager with Grindlays Bank in Glasgow for *the past five years.*

★

Mr. Richard Lacy, marketing manager of the Gulf Bank, Kuwait, for the past four years, is returning to the UK as general manager (development) of the LEICESTER BUILDING SOCIETY. He takes over the post from Mr. Scott Durward, who is to become chief executive in August next year on the retirement of Mr. Basil Eckhard.

★

Mr. G. Geoffrey Bell has been appointed an assistant director with special responsibility for foreign exchange at LAZARD BROTHERS AND CO. Mr. Bell has until recently been general manager of European American Banking Corporation, Luxembourg.

★

Mr. K. J. Davis has been appointed regional director of REED STENHOUSE UK and Mr. R. C. Elkington has become an associate director of Reed Stenhouse Marketing, Aviation Division.

★

Mr. Erik M. Platz, chairman of the Danish Crown bacon factory at Kolding, Denmark, has been *appointed to the Board of the* DANISH BACON COMPANY.

★

Mr. J. R. K. Buckley, a director of Bridon Ltd., is to become managing director of BRIDON FIBRES AND PLASTICS from October 1 and will relinquish his *position as joint managing direc*tor, Bridon International. In his new post, Mr. Buckley succeeds Mr. F. Harrington, who will re-*main in an advisory capacity.* Mr. Buckley continues as chairman of Bridon Cordage Inc. Mr. G. R. Park, at present production *director*, Bridon Fibres and Plastics, is appointed director and general manager of that company from the beginning of next month.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	*Hongkong & Shanghai*	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris *Trust* Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	*17* %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	16 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Cheulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	*Twentieth Century Bk.*	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* *7-day deposits 14%, 1-month deposits 14½%.*
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 15%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● COMMUNICATIONS

Simpler car phone service starts

AN ELEMENT of computer control is being introduced into the vehicle radiotelephone service offered by London Car Telephones, yielding a number of improvements for the user.

All the driver has to do is lift the handset in order to tell the base computer his identity. Required data relevant to the caller then appears on a screen at base control including such items as the numbers and names he frequently calls and details of any messages that may be awaiting his attention.

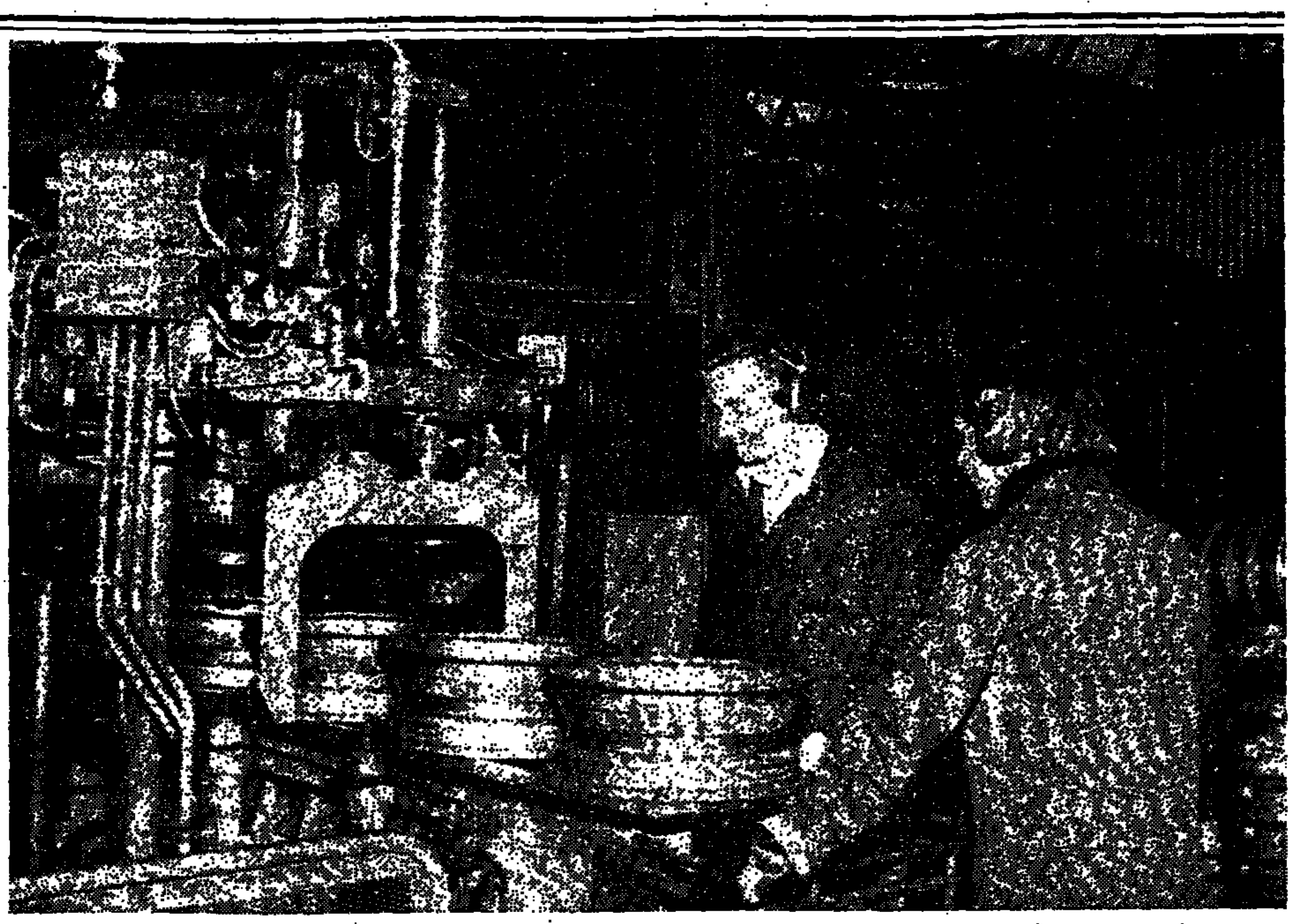
The transmitter-receiver is in the boot. The user merely observes three lamps: green for on-off, amber to denote that a call is waiting or a message is in hand (coupled with an audible signal) and red to show that channels are busy (a free channel will be automatically selected by the computer as soon as possible).

In addition the computer will select a transmitter from the company's network to give the best performance for a particular mobile. Other facilities include secrecy (conversations cannot be overheard by other subscribers) and switching to FM for better quality.

Of interest is the fact that the control equipment is able to handle direct dialling from the vehicle but the company says that permission is being awaited for this service to start. It will be somewhat more costly than the present service, which in London is £52/month plus £70 installation, because the mobile equipment will be more expensive.

Initially LCT has installed its new system in London to give service to the home counties. But conversion work has commenced to bring regional centres such as Birmingham, and Manchester up to date.

More from London Car Telephones, P.O. Box 95, Pall Mall, London SW1 (01-930 0416).



Wheels for the new Mini Metro car coming of the production line at the Darlaston works of Rubery Owen (Wheels & Assemblies). Over 6,000 wheels a week are being produced at present under a contract worth about £¾m. This order followed successful completion of a development contract.

British Rail optical fibre link

FURTHER ANNOUNCEMENTS have been made by BICC about the installation of optical fibre communication links, this time for British Rail between Birmingham International and Coventry.

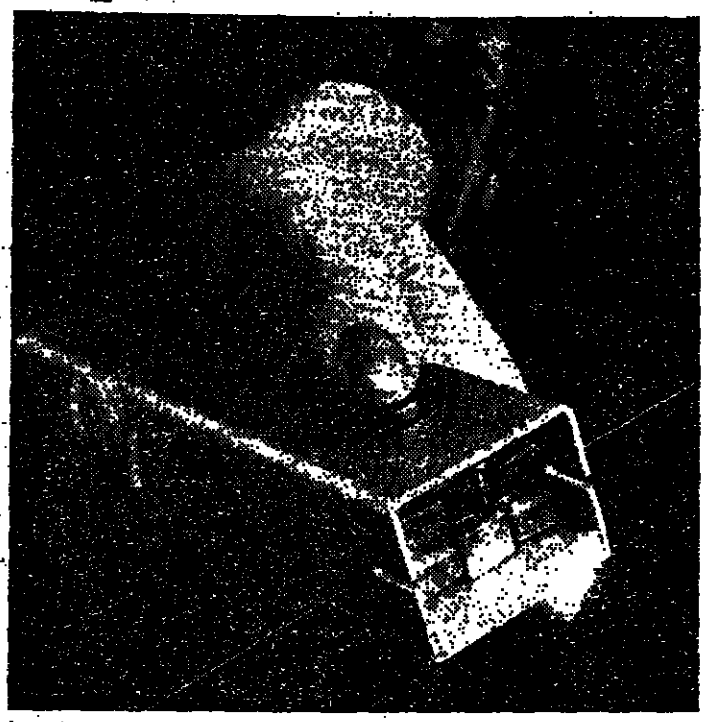
When it is completed in April of next year it will be the first UK optical link operating along electrified track to fully meet International telecommunications standards.

The system will operate at eight megabits per second, equivalent to 120 speech circuits or a corresponding amount of data and there will be one locally powered regenerator about half way along the 17 km route. This stretch is in fact part of the Euston-Birmingham 25 kV electrified main line and the cable, placed in a trackside trough, will consist of two tubed 125 micron fibres having an average attenuation of 3 dB/km at a wavelength of 900 nanometres. Within the cable are plastic tensile members and the whole is enclosed in a moisture barrier polyethylene sheet.

Transmitting and receiving units will be made by Plessey Telecommunications under subcontract to BICC.

At the same time BICC has come up with a small hand-held tool which will make a clean right angle cut in a fibre so that, when it is joined to another length or forms the input or output face to a receiving or transmitting device, minimum losses will result.

It uses a single lapped diamond cutter (70 degrees included angle) which is made to impinge on the fibre with a controlled force, the fibre having been clamped and slightly stretched over a curved anvil.



This hand-held tool devised by BICC provides a quick and accurate method of making a 90 degree cut in an optical glass fibre. The fibre is clamped and slightly stretched over the anvil at the centre where a diamond cutter can be seen moving on to the fibre. The operator simply presses the button whereupon a controlled crack is propagated to give a clean, square fracture which, in optical communications systems, will result in minimum signal loss.

The force and depth of penetration are such that from the point of contact, a controlled crack is propagated resulting in a clean, square fracture of the fibre. The device produces 95 per cent of acceptable cuts the first time.

There is also some optical fibre news from Japan: the Nippon Telegraph and Telephone Public Corporation has developed what it describes as "a highly efficient light optical fibre capable of transmitting 20 times more information than existing ones."

Our Tokio correspondent Richard Hanson reports that the NTT study group apparently has succeeded in reducing transmission losses by reducing impurities in the glass to the "parts per billion" level.

● HANDLING

Conveys granular materials

A ROPE-OPERATED continuous bucket elevator suitable for the handling of free flowing granular materials has been introduced by Gough and Co (Hanley), Hanley, Stoke-on-Trent, Staffs, ST1 4AP.

The elevator, which is to be known as the Gough Econ-O-Cable, employs a twin rope instead of a chain for transporting the buckets and among the principal advantages claimed for the new design are a minimum of moving parts, no rope lubrication requirement and low maintenance. The ropes do not come into contact with any part of the supporting framework and easy running nylon rollers are used to guide the buckets.

The elevator can be installed to operate either vertically or at any inclined angle. It can be supplied with a selection of bucket widths from 12 in to 48 in, giving variable throughputs, depending on material being conveyed, angle of operation and speed of elevator.

The trough type buckets are manufactured in stainless steel or mild steel coated with nylon, rubber or plastic. Each is designed to overlap with the next so that loading can be carried out from an overhead source with the minimum of spillage.

● PLASTICS

Structural foam moulding plant expanded

THE INTRODUCTION to the UK of a completely new technique for making thermoplastic structural foam mouldings has also created 80 entirely new jobs at the factory of Peerless Foam Moulding, Coton Farm Industrial Estate, Tamworth, Staffs. (0827 68446).

School-leavers are primarily engaged in the production here of components destined for a host of different industries including electronics, hardware, furniture, engineering, and many others.

Young personnel, says group chairman, W. S. Jordan, are enthusiastic and highly responsive to this new-to-the-UK process which emanates from a U.S. company which advertised in the Financial Times for Anglo-American co-operation.

Peerless was recognising the need to diversify its plastics division interests and snapped up the opportunity with Foam Moulding Corporation of Des Moines, Iowa, whose Dr. Siebolt Hettinga took a 25 per cent holding in the new British company.

Work on the new 34,000 sq ft factory began in the spring of 1979 and is now completed within target time and budget —£1½m.

The equipment from America includes an eight-station, 2 kg machine capable of moulding eight different components simultaneously using a rotary table governed by a computer-based control system; a six-station, 5 kg machine similar to the eight-station one but using a radial injection unit; a 4.5 kg single-station machine and a 1.5 kg single-station machine.

The single-station machine enables tool trials, development work and short production runs to be carried out very conveniently. Also in this area is raw material blending equipment, an inspection area, finished goods packing and maintenance.

In the finishing shop, the main equipment consists of a conveyorised track passing through three spray booths and two tunnel ovens enabling a component to receive primer, colour and spatter coats.

A further booth is available remote from the track enabling samples or small quantities to be dealt with easily.

The site as a whole allows, and has been earmarked, for a further 2,800 sq ft of factory area adjacent to the existing building when expansion is necessary.

Unlike conventional injection mouldings (solid in nature and restricted to relatively thin cross section) those in structural foam consist of a cellular core sandwiched between two dense skins of the same material. Such mouldings exhibit high strength and good physical properties and enable thicker sections to be moulded.

Growth of the structural foam moulding markets, however, has hitherto been limited by slow time cycles and high machinery costs associated with conventional methods, and the relatively poor surface finishes achieved.

Secret of the new process is in using a very low pressure injection moulding technique on special machines which have six or eight moulding stations with computer-based control systems.

Many manufacturing benefits and improvements result from the low pressures used, including the requirement for less expensive tooling and the ability to mould thicker sections with freedom from sinkage of the material, while the multi-station machines allow whole sets of parts to be produced at the same time.

Resultant mouldings also have excellent surface finishes which allow paint or other materials to be applied without the need for sanding or other preparation.

Initially geared to producing mouldings up to 5 kgs in weight with this FMC system, the company will ultimately extend the range to 10 kgs or more in the future.

At the other end of the scale, mouldings of 100 grams are produced with all the inherent advantages of the FMC processes. Overall moulding dimensions currently produced are 1.5 metres by 0.75 metres by 0.5 metres deep.

Peerless has also designed and made available a range of electronics housings under the name Mariner. This set of off-the-shelf mouldings can be combined in a variety of ways to accommodate many types of VDUs and keyboards. Market reaction is favourable both home and abroad and the company has received substantial orders for export to the U.S.

Apart from making mouldings for itself and other companies, Peerless says it is ready to discuss joint venture projects elsewhere in this country and throughout Europe with the idea of establishing other plants similar to the Tamworth operation.

DEBORAH PICKERING

● SAFETY

Shedding light in emergencies

FOR LESS than £100, Chloride Standby Systems has a conversion kit which enables conventional fluorescent lights to be converted to automatic emergency lights.

The conversion kit, which consists of an inverter and changeover unit that fits inside the fluorescent luminaire and a 24-volt battery pack with integral charger, can be fitted to existing fluorescent lights or incorporated in a new installation.

Such conversion kits are not new, but Chloride believes this is one of the first to be available off-the-shelf for fitting by the customer.

The pack will maintain a high light level during power cuts for up to four hours, Chloride claims. When normal ac power is restored, the battery is automatically recharged. The kit costs £98.50 and the battery, which needs no maintenance, should last four years. Chloride is on 0703 30611.

● MATERIALS

Magnesium alloy agreement

BRITISH technology in high performance aerospace magnesium casting alloys is being made available to one of the world's largest producers of advanced helicopters, under a recently signed agreement.

The two companies concerned are Magnesium Elektron of Swinton, Manchester, and FOMB/Agusta SPA in Benevento, Italy.

Magnesium Electron is one of the leaders in magnesium alloy technology while Agusta is one of the world's largest producers of advanced helicopters.

Abrasive zinc-coats bare metal

WHEN iron and steel components, particularly those made from steel, are shot-blasted, they will rust much more quickly than when left with their original untreated surfaces. Protective coatings must be applied as soon after shot-blasting as possible.

Colebrand has been carrying out some tests with a silicon-free abrasive which has a coating of zinc. The abrasive deposits zinc on to the component being processed and the company claims that the onset of rust is delayed by up to four hours in a marine atmosphere. This was found to be the case when steel was tested in the splash zone of a North Sea oil rig. On land it could be a week before any signs of rust appear, it is claimed.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A vaccine against the currency bug

John Makinson explains why a Danish pharmaceuticals company reduces its vulnerability to foreign exchange movements

Novo Industri, outside Copenhagen: claims to be the largest producer of industrial enzymes in the western world

THE MANY English-speaking visitors to Novo Industri's headquarters outside Copenhagen seldom lose their way. Not only are the signs around the factory in English as well as Danish but most of the staff can rattle off directions in idiomatic English. The approach is unusually internationalist, even for highly anglicised Scandinavia.

Behind it lies the fact that 96 per cent of Novo's near £100m sales (Kr 1.27bn in 1979) are generated abroad, while all but 500 of its 3,000 employees work in Denmark.

Novo claims to be the largest producer of industrial enzymes in the western world. After Eli Lilly of the U.S., it is also the second largest manufacturer of insulin. Widely used in the treatment of diabetes, this drug accounts for about two-thirds of the group's pharmaceutical sales. Pharmaceuticals as a whole represent around 50 per cent of total turnover, the remainder being made up by enzymes, mainly for the detergents industry but also selling as catalysts for bio-technology processes. Novo's domestic sales base for these products is necessarily limited.

It has also outgrown the domestic market for its capital. Dependent principally on two products, it needs to spend heavily if its foreign markets are not to be usurped by a superior competitor. It regularly spends more than 10 per cent of sales on research and development—almost all of it at home—and a further 10 per cent on capital projects.

To finance these requirements within Denmark would be both difficult and imprudent. With such a high proportion of sales denominated in foreign currencies, Novo is highly vulnerable to foreign exchange movements and sees the virtue of borrowing in the countries and currencies through which it sells.

Control of this highly international animal is still vested firmly in Danish hands. Novo was the creation of two brothers, Harald and Thorvald Pedersen, who began producing insulin in the basement of a Copenhagen house in 1925. The business expanded rapidly. In 1951, the brothers set up the Novo Foundation, which holds only a small percentage of the company's share capital but controls it through the ownership of shares with extensive voting rights.

The foundation has no direct management role in Novo but monitors the group's progress and uses its—traditionally low—dividends mostly to finance independent medical research. It has continuously endorsed Novo's product and financial strategy.

Novo's policy of concentrating on a narrow product range is deliberate. Mr. Mads Øvlisen, the company's deputy managing director, believes that Novo can only remain competitive with giants like Eli Lilly by applying its limited resources to a few specialised areas. For a science-based company the size of Novo, the cost of developing and marketing internationally a host of products would be prohibitive.

For similar reasons Mr. Øvlisen insists that Novo's products should guarantee a high return. The labour and raw materials used to produce both insulin and enzymes constitute only about a quarter of their selling price. He says that if staple enzymes ever became a highly competitive, low-technology area, Novo would pull out. The high margin has enabled Novo to push its pre-tax return on sales from 6½ per cent five years ago to almost 11 per cent last year. Over that period, profits have grown from £2.8m to £10.4m.

The risks of the Novo approach are equally evident. As the dominant insulin producer outside the U.S., the company can increase its market share only with the greatest difficulty. So the group's strategy is to expand the market itself.

In France, for example, Novo supplies 70 per cent of the insulin market, but only 13 per cent of diabetic patients are treated with insulin. An increase in this proportion to Danish levels (roughly 50 per cent of diabetic patients receive insulin treatment) would clearly have a dramatic impact on sales.

A more direct danger is that a competitor will come up with a superior product, more akin to the insulin produced by the human pancreas than insulin obtained from pigs or cattle. Novo believes that its own highly purified "mono-component" insulin can scarcely be improved upon. But a recent announcement from Eli Lilly about work it has sponsored to produce human insulin by "genetic engineering" techniques has set the odd alarm bell ringing in Copenhagen. Novo's recent interim statement contained a tersely worded announcement about a new process for still further purifying its insulin, to the standard of human insulin. Clinical trials of the latest product are scheduled for next year.

Commercial competition is not the only threat to Novo's markets. Its products are carefully monitored by regulatory bodies and Mr. Øvlisen recalls with little fondness how sales of enzymes collapsed from Kr550m to Kr250m in 1970 as a result of a surge of public concern about the safety of detergent enzymes.

The product was subsequently rehabilitated but Mr. Øvlisen pursues a policy of spreading risk among different industries in order to avoid a repetition of the collapse of this market. This is clearly not possible with insulin but, in the enzyme field, Novo is constantly examining markets where there may be a real need for the product. Starch is one recent example and the company is now attacking the protein industry. Over the longer term, fuel derived from manioc (cassava — a tropical cereal) is a potential application though Novo is still sceptical about its commercial chances.

As products become increasingly sophisticated and expensive to develop, Novo finds patent protection of diminishing value. Mr. Øvlisen points out that, for effective protection, a company must file a patent at an early stage in product development perhaps 10 years before launch.

Novo's inevitable exposure on the product front makes it all the more imperative for the company to protect itself financially. It cannot afford to serve as hostage to the fortunes of the Danish economy, particularly as the Danish government pursues a regime of high interest rates. This makes it expensive for Novo to borrow domestically and also diverts investment away from the local equity market. Finally, it attracts funds into the Kroner, making Novo's products more difficult to export and reducing the value of its foreign earnings. In 1978 Novo missed a profits forecast because an unexpected rise in the Kroner cut its income by Kr 15m (£1.1m).

The company's funding needs are large. Its finance director, Mr. Kare Dullum, says he likes to maintain a rough 1:1 balance between equity and debt, which is a high proportion of gearing by almost any standard. For a company of its size, Novo has been adventurous in meeting these requirements. Two years ago, it raised $20m through the complex business of a Eurobond issue, convertible into ordinary shares at a fixed price.

The Eurobond led Novo to have its shares listed on the London Stock Exchange, as part of Mr. Dullum's strategy of encouraging more foreign ownership of the company's shares. He estimates that between 10 and 15 per cent are already held abroad, mostly in the UK and U.S., and that this proportion is rising steadily. Two weeks ago, Novo announced a rights issue along very Anglo-Saxon lines and Mr. Dullum reckons that a significant proportion of the new shares on offer may be taken up by foreigners. Novo is as reluctant to be dependent on Danish investors as on the Danish economy.

The company's need to spread itself geographically can lead to decisions which cannot be justified on purely economic grounds. Last year it opened an enzyme plant in the U.S., which is now being expanded. The company saw no great need for new capacity and could in any case produce enzymes more cheaply in Denmark, but nonetheless sunk $15m into the project. The advantage of the scheme, was that it helped Novo's marketing drive, could be funded locally, and educated Wall Street investors about the company.

Novo's problems are typical of many companies operating internationally from the base of a small economy. So far, at least, it has met the challenge with success.

BOOK REVIEWS

Home truths on energy

BY RAY DAFTER AND MARTIN DICKSON

SIR DEREK EZRA'S book, *Coal and Energy* (Benn, £6.95) could be sub-titled "the fall and rise of the coal industry," dealing as it does with the sharp contraction of the sector in the 1950s and 1960s and its rapid expansion now to meet the much heralded "energy crisis." As chairman of the National Coal Board since 1971, Sir Derek has an insider's knowledge of this remarkable about-turn in coal's fortunes.

However, he is writing not for experts but for the interested layman and his book is a very readable primer. One caveat is needed: this is the second edition of a volume first published in 1978 and there have been significant changes in the energy world since then. Sir Derek deals briefly with some of these in a 1980 postscript, and reinforces his argument that coal is the fuel of the future.

Particularly readable are his accounts of the new Selby coal project, in North Yorkshire, which is expected to produce 10m tonnes of fuel a year by the late 1980s, and his examination of the role of research in the development of new mining and coal utilising techniques.

He points out that in Britain electricity generation will remain a key market for coal up to the year 2000. But, from a businessmen's point of view, the volume contains rather too little on the general industrial coal market, which the NCB now reckons will be its chief growth area to the turn of the century.

A Geography of Energy in the UK, by John Fernie (Longman, £5.50) is another readable primer, this one being aimed at the geographer and designed to provide him with an independent assessment of energy options open to the Government.

Fernie runs through the whole gamut of energy forms, from North Sea oil to solar power, with clarity and economy, summarising the arguments for and against various options with an objectivity all too rare in the over-emotional energy debate. As one would hope from a geographer, the book's maps are a particularly useful reference tool.

The author comes to the conclusion that a strategy for the future must be based on coal and involve the conservation of oil and gas to provide a stop-gap until nuclear and renewable technologies are sufficiently developed to make a greater contribution to electricity supplies. But he has also correctly predicted that this will lead to coal being stockpiled in the short-term, with electricity demand failing to rise at its 1970s rate.

Like Sir Derek's book—indeed, most books on energy—Fernie's volume suffers from the fast-changing nature of the subject, but it remains a useful introductory textbook.

If there is one man in the oil industry who can be relied on to be both provocative and a thorn in the side of oil company executives, it is Professor Peter Odell, director of the Rotterdam Centre for International Energy Studies at Erasmus University, Rotterdam. Perhaps it was with this in mind that former Energy Secretary, Anthony Wedgwood Benn, commissioned Professor Odell to study UK oil development policies. The resulting report never saw the full light of day. David Howell, the new Energy Secretary, showed what he thought of Professor Odell's views when he merely placed a copy in the library of the Houses of Parliament. That was a year ago. Now Odell has decided to give his views a wider airing. The result is *British Oil Policy: A Radical Alternative* (Kogan Page, London, £12). The title speaks for itself.

Take, for example, his views on offshore licensing policies. Having criticised the auction system of licensing—the method used in the U.S.—and discretionary awards as adopted by the UK Government, he advocates the introduction of a production sharing system involving joint venture operations.

Basically, Odell would like to see companies having the opportunity to apply for exploration blocks at any time, and not just during the prescribed licensing rounds such as the one now being adjudicated. A company which had successfully explored for oil, under Odell's plan, would then be expected to bid for the right to retain a share of the oil it hoped to produce.

The balance of the oil—usually well over half of the total output—would remain the property of the state and would then probably be marketed by the state oil company—presumably British National Oil Corporation. The state's share might be around 50 per cent in respect of a difficult to develop or small field, to over 80 per cent for the more attractive discoveries.

Among the benefits of such a controversial system, says Odell, would be that production sharing would provide a firmer base for Britain's use of oil as a "weapon" in negotiations over energy and over other policies within the EEC and with other nations. Odell's critics might say the idea is a blueprint for blunting the enthusiasm of oil companies—those that have to find and produce the oil—and for antagonising the UK's trading partners, particularly other members of the EEC.

There is no such controversy in another new offshore oil publication — *European Continental Shelf Guide and Atlas, 1980* (Offshore Promotional Services, Maidenhead, Berks, £32). Its strength lies in the raw data contained in 450 pages of licence information, exploration and production records, and helpful maps. The offshore areas of the UK, Ireland, Norway, Holland and Denmark are featured. According to the publishers it is possibly the most complete reference for any oil and gas producing area in the world. It is a bold claim, but one that we are unable to dispute.

BUSINESS PROBLEM — BY OUR LEGAL STAFF

Professional rates

I have recently had to move my dental practice from one part of a London borough to another and the authorities wish to increase the rateable value of my premises. I have lodged an appeal on three grounds: (1) that this is an enforced move to a less good position with a small area on the ground floor (2) my former surgery on the first floor had a rateable value of £567 and the new assessment is £630. A similar practice on the ground floor and within half a mile has a rateable value of £334 (3) There is a lack of "equity" about this. I am now waiting for the local valuation court and if the court fails to determine the matter, it will be referred to arbitration if both parties agree. What, please, do you advise?

The fact of an enforced move on your part is not relevant to the rating valuation, which should be based on an objective valuing of the letting value of the premises in the market. Hence smaller area of usable floor-space could help you; and the fact of a comparable surgery within half a mile undoubtedly would help. "Equity" is of no assistance at all. The fact that ground floor premises command a better rent is against you. You are probably better off staying in the valuation court and not going to arbitration. We doubt if you will obtain any or any significant reduction in the £630 value.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

A question of will power

BY DAVID FISHLOCK

BRITAIN has set up a top-level team of four drawn from the electricity supply, manufacturing and R and D sectors of the nuclear industry, to co-ordinate nationally the project to build its first pressurised water reactor. It reflects the importance the Thatcher Government attaches to this project and the risks it still runs. It also reflects the increasing complexity of British society since Lord (then plain Mr. Christopher) Hinton built the first British nuclear reactors and factories in the decade immediately after the Second World War.

Lord Hinton himself admits that, with the determined brief he had from the Government then, he could drive the project ahead in a way almost inconceivable nowadays.

French plan

West Germany, until its Government lost its will in the mid-1970s, had maintained an excellent record of nuclear project management. From a late start, in the mid-1950s, it has built the world's best performing reactors, based on the U.S.-invented PWR.

France, more recently—too recently to feature in the Imperial College study—has embarked upon a national programme of PWRs, to replace imported oil as its main fuel for electricity. The first of several dozen PWRs ordered so far have begun to come into service less than six years after the project started, and France is currently commissioning new reactors at the rate of one every two months.

Britain's nuclear industry—and Government too—is casting envious eyes across the Channel at this remarkable performance. What they see is one man charged with responsibility for building all those PWRs (and a couple of new coal-fired plants too). But that man has the unhesitating support of the Government and, it would seem, of the French public, which is genuinely proud of France's nuclear achievements.

Armed—as Lord Hinton was once—with support of this order, M. Michel Hug, the man responsible for the world's biggest nuclear power programme today, is free to get on with his job: to build generating plant as quickly and safely as possible. Others have already decided what he must build.

They decided, in response to OPEC's crash course in the economics of oil supply, to build PWRs in large numbers. Between 1962 and 1972, however, France had built no fewer than 37 250 MW oil-burning plants. This programme taught M. Hug some important lessons about "replication" which he was able to apply to the nuclear programme.

He has his own way of measuring the success of a project—a factor which integrates construction delay and its availability once it has entered service. For the first third of the oil-burning projects the "Hug factor" was low, only 22 per cent. Over the next third or so it rose slowly to 39 per cent. The last nine projects were identical in design. The Hug factor soared to 90 per cent.

The lesson was applied from the start of the French PWR programme, which M. Hug sees in four orderly phases. The first, which covered six PWRs, began in 1969 when France formally abandoned its Magnox-type gas-cooled reactors. Then, post-OPEC came orders for another 16 900 MW PWRs, later expanded to 28 units.

Third phase

The third phase brings the first orders for 1,300 MW PWRs starting with Paluel, a 5,200 MW station on the English Channel near La Havre, scheduled to produce its first electricity in 1982. The fourth and most ambitious phase will introduce a less expensive model of 1,300 MW PWR, with an important content of French technology—just as Siemens introduced for the Germans. The first will probably be at Penly, near Dieppe, starting in 1982.

At first sight Britain's problem in keeping a single PWR project on schedule seems slight. But Britain still has not made and perhaps never will make a clean break with previous reactor technology. Moreover, it is trying to leapfrog straight to France's phase four: a "British PWR" of 1,150 MW. The most serious omission, however, is that in spite of the occasional Ministerial statement, there is no sign yet of a total, unequivocal commitment from government to the PWR project. Without it, who will bet on success?

America's early autumn offering

GARDENS TODAY

BY ROBIN LANE FOX

EARLY AUTUMN is not the most prolific season for flowers. The lean spell strikes me hard this year because it follows such a marvellous season for phloxes.

I am aware that quite a few gardens have been troubled with mildew on the family, the result of a cool summer. But the rest of you have seen the phlox at its British best, a border plant which is a first choice for a cool and damp summer.

Although I rate the lavender-blue varieties more highly than the strong rose pinks, there are no problems to any of them in a rich soil unless you happen to run into the incurable eelworm. Otherwise, reach for the fertiliser at suitable intervals. Feed your phlox, as the angels told the shepherds. They like to live well.

The problem is their follow-up. For September, I have come to rely on the *penstemon*. Its family is not easily sorted out and their naming can be rather fluid. To find the best, you may have to go to an alpine plant specialist.

The *penstemons* are mostly American, not true alpines but plants from homes in the dry shale of Wyoming and Colorado. It is worth remembering this home. Books still worry over the ability of the *penstemon* to resist frost. They say less on their capacity for rapid death in the damp. As in nature, they should be given very sharp drainage by digging gravel thoroughly round their ball of roots. On clay soils, the best are a gamble.

The family divides roughly into two. There are the border varieties whose flowers are in full swing at the moment. They will root easily from cuttings taken over the next week or so and will often put out roots if kept only in a glass of water sweetened by a piece of charcoal. They are not too hardy, so you should winter these cuttings in a shed or frame in case the parents die outside.

There are several ways of starting a collection. The cheapest is to order the seed of those *penstemons* which seedsmen still list as annuals. Like snapdragons, they are in fact near-hardy perennials, some of which would endure a mild winter outside. Their open tubular flowers are usually white inside and a shade of pink, red or lavender as a contrast. If you find a good colour from seed, you can take cuttings and perpetuate it.

These plants are about two feet high and will flower from August onwards, a fine match for a sheet of pale blue clematis or the other blues of early autumn. For a total cost of £1 and as much bother as a marigold, you can lay the beginnings of a lovely collection. Every autumn you must take cuttings for safety indoors. These are not hardy plants.

Otherwise you could buy a plant or two of the named hardy forms. The names waver on the borders of several old families, but one usual parent is the tall form with ruby-purple flowers which used to survive almost anything the Edwardians could throw at it. Garnet is the nearest child nowadays, a subdued plant with deep ruby flowers and dark leaves.

I much prefer one called Firebird, a near-scarlet red which is almost completely hardy and lasts for a long season. As a first buy, this is the pick of autumn reds. There are others not quite so hardy, above all a superb scarlet called Southgate Gem, and a red and white called Middleton Gem.

May I warn you, however, against an oddity called Sour Grapes? Its latest champion writes of its flowers as "like opals, soft green, amethyst and blue." My clump has flowers of a muddy blue purple which I find very dull for the price.

From these, you can switch to my second group, where the fun still lies. Among the wild American forms there are a host of good varieties which gardeners are very slow to recognise. Who grows one called *Scouleri*? You can order it with confidence from Broadwell Nurseries, Moreton-in-Marsh, Glos. And if you put it in a dry wall I think it would please anyone.

It flowers for ages and carries lavender-pink flowers, baggy like a snapdragon's at their mouth. It is a foot or so high, and second only to its rare white form which is worth buying with a bank loan. From the same source you can order the charming new Pink Dragon, a smaller plant which pleases me very much by its long season and handsome pink bells.

The blues are the star turn. The best is the one called Blue Gem, a plant of exceptionally bright and clear blue trumpet flowers. The bible of alpine plantsmen, Farrer's Book on Rock Plants, goes to town on "the dainty trumpets of opalescent loveliness which sound their music in August and September." You could hardly put it worse than that. A "serene dawn-blue" comes nearer the mark, a colour which asks to be massed in the front of borders or on dry slopes.

Penstemon barbatus.

This is not a long-lived plant, but cuttings root very quickly. It can be seen to good effect in several National Trust gardens and I think it is one of the purest colours, a rare beauty which adventurous gardeners have been slow to pick up. It is not the most reliable form nor will always last beyond two or three years. One of its best growers suggests that it is best on a soil with no lime.

If you plan replacements you could mass it on a front wall or in a container and expect at least two summers' spectacular show. I cannot promise anything of this desirable plant, but at its best it is memorable.

There are so many others worth exploring, especially those with lilac flowers rather than ruby red. America has its *penstemon* groups and I presume their gardens are full of them before the Fall. If you take pot luck in a specialist seed-list you will hit on a worthwhile variety.

Never forget their taste for a home like the Rockies. Only if you expose them to heavy soil and bad drainage will you fail to see their point. Otherwise they are the follow-up for early autumn which takes the edge off the sadness in the turn of the year.

Rhyme Royal looks sound

RACING

BY DOMINIC WIGAN

IT IS always dangerous to detract from the claims of Sea Pigeon, but I shall be somewhat surprised if the combination of an inadequate trip and ground more testing than he appreciates does not prevent the 10-year-old from lifting today's Doonside Cup.

Two better prospects than Jonjo O'Neill's mount in Ayr's £14,000 feature event appear to be Icelandic and Rhyme Royal.

The Kevin Prendergast-trained Rarity horse Icelandic has never quite fulfilled the promise he showed early last season, when running out the easy winner of Newbury's John Porter Stakes.

But I believe it could well be that he simply needs holding ground to produce his best. Icelandic will certainly get that this afternoon on, arguably, the stiffest course in the country.

The Queen's Rhyme Royal, another five-year-old in fine form during the early part of last season, is also something of a mudlark, and wound up his 1979 campaign with a highly creditable third-placed effort behind Morse Code on soft ground in Doncaster's William Hill November Handicap.

In his only race to date this season, the rangy Crepello gelding, who showed such promise over the minor obstacles for Fulke Walwyn, made it clear he has lost none of his dash with a thoroughly praiseworthy effort in the Great Yorkshire Handicap.

A horse who responds equally well to the vigorous pushing style of Willie Carson, Rhyme Royal is on paper the one they must all fear this afternoon.

About 1½ hours after the Doonside Cup, it will be interesting to see if Rhyme Royal's stable companion, New Jerusalem, can further boost his Tote Cesarewitch prospects with a win in the Eglington and Winton Memorial Handicap.

Here the second favourite for the October 18 renewal of Newmarket's most famous stayer's test is likely to be hard-pressed to concede over 2st to Clive Brittain's Sir Doro.

AYR

2.30—Rhyme Royal***
3.05—Bamp
3.35—Blare
4.05—Sir Doro**

YARMOUTH

3.15—Dawn Johnny
3.45—Chaplains Nightclub
4.15—Found Gold
4.45—Downbeat*

TV/Radio

BBC 1

† Indicates programme in black and white.

6.40-7.55 am Open University (Ultra high frequency only). 12.45 pm News. 1.00 Pebble Mill at One. 1.45 How Do You Do. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Laurel and Hardy cartoon. 4.25 Puzzle Trail. 4.40 Think of a Number. 5.05 John Craven's Newsround. 5.10 Jackanory Playhouse.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Angels.
7.20 Where Are They Now?
7.50 The Best of Mike Yarwood.
8.30 Oh Happy Band!
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 News.
9.35 Angela Rippon Reporting on The Selling Business.
10.25 Sportsnight.
11.25 Medical Express.
11.55 Weather/Regional News.

All Regions as BBC-1 except as follows:—

Cymru/Wales — 5.55-6.20 pm Wales Today. 6.55 Heddiw. 7.20 Bugs Bunny. 7.25-7.50 Angels. 11.55 News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.25-11.25 European Sportscene. 11.55 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 Soccer: UEFA Cup: Ballymena United v F.C. Vorwarts (highlights). 12.35 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University
10.20 Gharbar.
11.00 Play School (as BBC-1 at 3.55 pm).
4.00-4.30 Music Time For Teachers.
4.50 Open University.
6.55 Embroidery.
7.20 Mid-evening News, including sub-titles.
7.30 Top Crown.
8.15 The Albion Band.
9.00 MASH.
9.25 We, The Accused.
10.15 Darts: Unipart World Team Matchplay.
10.45 Party Political Broadcast on behalf of the Labour Party.
11.40 Darts (continued).

LONDON

9.30 am Rocket Robin Hood. 9.50 "Crooks and Coronets," starring Telly Savalas and Edith Evans. 11.30 The White Stone. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Arrivederci Grimethorpe. 2.45 Fantasy Island. 3.45 Cabbages and Kings. 4.15 The Whispher of Glocken. 4.25 How. 4.45 The Best of Marc. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Hart of the Yard.
7.30 Coronation Street.
8.00 Morecambe and Wise Show.
8.30 Cowboys.
9.00 Flickers.
10.00 Party Political Broadcast by the Labour Party.
10.10 News.
10.40 "The Diamond Mercenaries," starring Telly Savalas and Peter Fonda.
12.25 am Close: "Sit Up and Listen," with Lord George Brown.

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am The Story of Wine. 10.05 The Human Face of China. 10.30 Witness to Yesterday. 10.55 The Galway Way. 11.55 Cartoon Time. 12.30 pm The Riordans. 1.20 Anglia News. 2.45 Story Hour. 5.15 Mr. and Mrs. 6.00 About Anglia. 10.40 Musical Special: "Pasadena Roof Orchestra" 11.25 Kaz. 12.25 am The Big Question.

ATV

10.00 am Fireside Theatre. 10.50 The Stationary Ark. 11.15 Animated Classics. 12.30 pm The Riordans. 1.20 ATV News. 2.45 The Outsiders. 5.15 Doctor Down Under. 6.00 ATV Today with ATV News. 6.05 Crossroads. 6.30 ATV Today. 10.40 ATV News. 10.45 The Mid-Week Film: "The Garnett Saga," starring Warren Mitchell and Dandy Nichols.

BORDER

9.35 am Between The Tides. 9.50 Sesame Street. 10.50 The Jazz Squad. 11.15 Chopper Squad. 12.30 pm World We Live In. 1.20 Board News. 2.45 Young Ramsay. 5.15 The Lost Islands. 6.00 Lookaround Wednesday. 10.40 Mid-Week Film: "Fragment of Fear," starring David Hemmings and Gayle Hunnicutt. 12.30 am Border News Summary.

CHANNEL

12.30 pm The Riordans. 1.20 Channel Lunchtime News, What's On Where and Weather. 5.15 Emmerdale Farm. 6.00 Channel Report. 10.30 A Chance to Meet . . . May Bygraves. 10.38 Channel Late News. 10.46 Have Girls Will Travel. 11.45 Superstar Profile. 12.10 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 9.30 Feature Film: "Life Is A Circus," starring Bud Flanagan and Nervo and Knox. 10.50 The Jazz Series 11.15 Thunderbirds. 12.30 pm The Riordans. 1.20 North News. 2.45 Young Ramsay. 5.15 Batman. 6.00 North Tonight. 10.40 Reflections. 10.45 The Midweek Movie: "The All Garnett Saga," starring Warren Mitchell. 12.30 am North Headlines.

GRANADA

9.30 am Survival. 10.00 Story Hour. 10.45 East Side, West Side. 11.35 Cartoontime. 11.45 Song Book. 12.30 pm The Riordans. 1.20 Granada Reports. 2.45 Young Ramsay. 5.15 Life Begins at Forty. 6.00 Granada Reports. 6.30 This Is Your Right. †10.40 Best of British: "The Angry Silence," starring Richard Attenborough and Pier Angeli.

HTV

†9.30 am "Dear Mr Prohack," starring Cecil Parker and Hermione Baddeley. 11.00 Sesame Street. 12.30 pm The Riordans. 1.20 HTV News. 2.45 Chopper Squad. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 10.38 HTV News. 10.40 Cinema Club: "The Harder They Come."

HTV Cymru/Wales—As HTV West/HTV General Service except: 11.55 am-12.10 pm Ffalabalam. 4.45-5.15 Ni A Nhw. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

9.30 am Al Oeming—Man of the North. 9.55 Ouch. 10.20 Anokhi. 10.35 Feature Film: "The Man Upstairs," starring Richard Attenborough. 12.30 pm The Riordans. 1.20 News and Road. 2.00 Racing from Ayr. 5.15 What Happened Next? 5.20 Crossroads. 6.00 Scotland Today. 6.20 Toya's Talk Back. 6.30 Streets Ahead and Street Beneath. 10.45 Presenting Lena Martell. 11.10 "The Lighthouse," opera by Peter Maxwell Davies. 12.35 am Late Call.

SOUTHERN

9.30 am Kum Kum. †10.00 "International Lady," starring George Brent. 11.45 Larry The Lamb. 12.30 pm The Riordans. 1.20 Southern News. 2.45 Young Ramsay. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South East area only). 10.45 Police Story.

TYNE TEES

9.20 am The Good Word, followed by North East News. 9.30 The History of the Motor Car. 10.00 Celebrity Concert. 10.50 Bill Burrud Documentary. 12.30 pm The Riordans. 1.20 North East News. 1.25 Where The Jobs Are. 2.45 Wildlife Cinema. 3.15 The Story of Wine. 5.15 Mr. and Mrs. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.40 North East News. 10.42 A Man Called Sloane. 11.40 Power Without Glory. 12.40 am Things Worth Having.

ULSTER

9.40 am Spiderman. 10.00 Story Hour. 10.50 The Jazz Series 11.15 Untamed World. 11.40 Cartoon Time. 1.20 pm Lunchtime. 2.45 Young Ramsay. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.39 Ulster Weather. 10.40 Thriller: "The Killing Game." 12.00 Bedtime.

WESTWARD

9.50 am Sesame Street. 10.50 The Jazz Series. 11.15 Untamed World. 11.40 Cartoontime. 12.30 pm The Riordans. 1.20 Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.42 Westward Late News. 10.44 Have Girls Will Travel. 11.45 Superstar Profile. 12.10 am Faith for Life. 12.15 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am How to Survive in an Occupied Country. 10.00 Story Hour. 10.50 The Count of Monte Cristo. 11.10 Call it Macaroni. 11.35 The Beachcombers. 12.30 pm The Riordans. 1.20 Calendar News. 2.45 Tandarra. 5.15 Against The Wind. 6.00 Calendar (Emley Moor and Belmont editions). 10.40 "Island in the Sun," starring Harry Belafonte and Joan Fontaine.

RADIO 1

(S) Stereophonic broadcast.
‡ Medium wave.

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates with The Golden Hour (Part 1). 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour (Part 2). 3.32 Peter Powell. 6.31 Radio 1 Mailbag. 7.31 Mike Read. 10.02-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 5.30 pm Much More Music (S) (continued from Medium Wave). 6.03 John Dunn (S). 8.02 Listen To The Band (S). 8.45 Alan Dell with Dance Band Days. 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S), including Racing from Ayr. 4.03 Much More Music (S). 5.30 European Soccer Special. 6.45 John Dunn (S) (joints VHF). 8.02 European Soccer Special. 9.30 Among Your Souvenirs (S) (joins VHF) 9.55 Sports Desk. 10.02 Funny You Should Ask. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice Part 1 (S). 8.00 News. 8.05 Your Midweek Choice, Part 2 (S). 9.00 News. 9.05 This Week's Composers: The Stamitz Family. 9.55 Music For Organ (S). 10.30 Song Recital, Part 1 (S). 11.05 Interval Reading. 11.15 Recital, Part 2. 12.00 BBC Welsh Symphony Orchestra (S) 1.00 News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 BBC Scottish Symphony Orchestra (S). 4.00 Austrian Church Music of Haydn's Time (S). 4.55 News. 5.00 Mainly For Pleasure (S) (‡ and mono only from 6.20). 7.00 A Military Septet by Hummel (S). 7.30 Treading The Maze: A Jerusalem Journey (S). 8.30 Fricker in Retrospect (S). 9.35 Six Continents. 9.55 Rossini (S). 10.10 Nikos Skalkottas (S). 11.00 News. 11.05-11.15 Mahler (S).

VHF only—Open University—6.00-7.00 am and 6.20-7.00 pm and for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.45 The Wheels of Chance by H. G. Wells. 9.00 News. 9.05 Mid-week: Sherrin After Breakfast. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Johnny Morris with records (S). 12.00 News 12.02 pm You and Yours. 12.27 The 27-Year Itch (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 The Year in Question 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Person to Person 8.45 File On 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Rumpole (S). 11.00 A Book at Bedtime 11.15 The Financial World Tonight. 11.30 Unforgettables with Edward Cole. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.30 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 Hammers in Europe: West Ham United and Castilla. 9.30-5.00 am Join Radio 2.

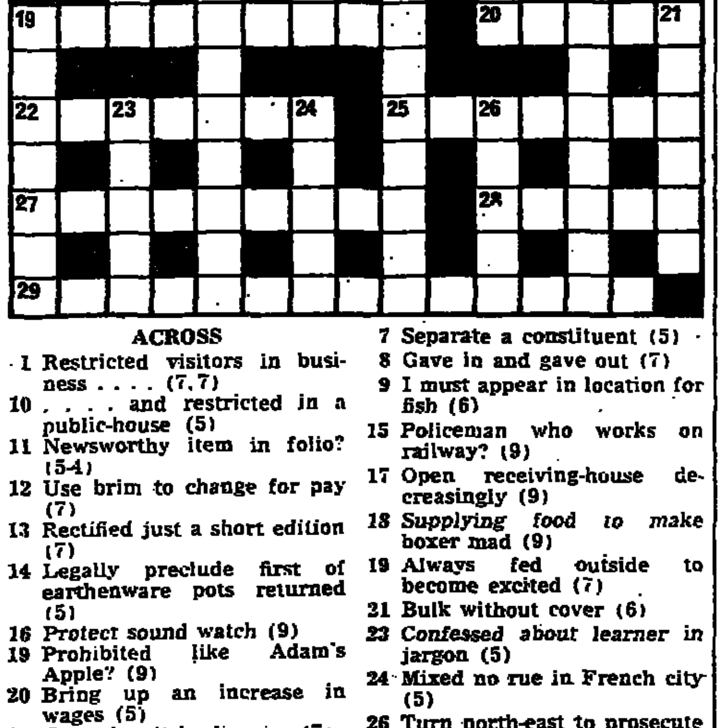
London Broadcasting

5.00 am AM—Douglas Moffitt and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm Jazz After Eight—Keith Howell. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network: "Crusader 80" from Beacon Radio. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Mike Allen (S). 12.00 Graham Dene (S). 1.00 pm London Today (S). 1.10 Graham Dene (continued). 3.00 Roger Scott (S). 7.00 London Tonight with Sarah Ward (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Richard Allinson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,376



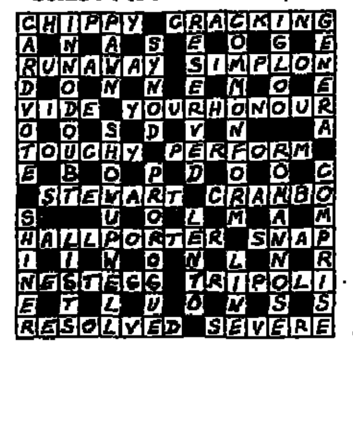
ACROSS

1 Restricted visitors in business . . . . (7, 7)
10 . . . . and restricted in a public-house (5)
11 Newsworthy item in folio? (5-4)
12 Use brim to change for pay (7)
13 Rectified just a short edition (7)
14 Legally preclude first of earthenware pots returned (5)
16 Protect sound watch (9)
19 Prohibited like Adam's Apple? (9)
20 Bring up an increase in wages (5)
22 Guest has it in disguise (7)
25 Woman going to repose in mountain (7)
27 Bat placed behind a timid person (9)
28 Posed in lustrous fabric (5)
29 Be stubborn and do the gardening barefooted? (3, 2, 4, 5)

DOWN

2 Breeding place in Caribbean Island on a hill (9)
3 More useless loafer (5)
4 Despatched with haste to editor (9)
5 A saucy dance (5)
6 Dead French joke or one indebted with security (9)
7 Separate a constituent (5)
8 Gave in and gave out (7)
9 I must appear in location for fish (6)
15 Policeman who works on railway? (9)
17 Open receiving-house decreasingly (9)
18 Supplying food to make boxer mad (9)
19 Always fed outside to become excited (7)
21 Bulk without cover (6)
23 Confessed about learner in jargon (5)
24 Mixed no rue in French city (5)
26 Turn north-east to prosecute and follow (5)

Solution to Puzzle No. 4,375



FINANCIAL TIMES SURVEY

Wednesday September 17 1980

Computing Services

Ten years ago, computing services hardly existed. Now they are the fastest-growing sector of the computer industry. Computers are falling in price, but the cost of preparing the instructions to make them work, and the difficulty of finding people to write those instructions, is rising rapidly. This survey examines why.

CONTENTS

COMPUTING SERVICES II

Fastest growing sector in the computer industry

A REMARKABLE number of computing services companies have just celebrated—or are about to celebrate—their tenth anniversary.

That is no coincidence. Ten years ago computing services hardly existed as a separate entity. Now it is the fastest-growing sector of the computer industry, itself no slouch in the growth stakes.

According to the best available figures from Input, a leading U.S.-based consultancy specialising in the information processing industries, billings to U.S. computing services companies were about $9.8bn in 1979, a growth of 22 per cent over 1978.

Total revenue in Europe in the same period was $6.8bn, representing a growth of 20.6 per cent over 1978. Figures for Japan are available only for 1979 and show total revenues of $1.8bn.

Within the European total, Britain showed total revenues of almost $1.0bn, a spectacular growth of almost 30 per cent over the previous year.

Now, in simple terms, computing services companies will do your computing for you, or make it simpler and more efficient for you to do your own computing.

But as computers have been used in business for more than 20 years, what was it that happened a decade ago that prompted the birth and development of such a vigorous industry?

At least a part of the answer lies in IBM's dramatic decision, in 1979, to "unbundle" (that is to charge separately for) software. Software (computer programs) is the lists of instructions, which, when converted into electrical impulses, tell the computer what to do.

In one way or another, services companies are chiefly in the business these days of selling software. At one time, there was no demand for their services because computer hardware manufacturers—the people who built the actual machines—threw in the software as part of the price of the system. When IBM changed the rules of the game and forced its customers to pay separately for their computers and the programs which made them work, it opened the door to all those bright entrepreneurs, who reckoned they could write better software than the manufacturers or offer to their customers new and interesting things to do with their computers.

Another part of the answer lies in the extreme shortage of computer specialists. There is a shortfall of at least 50,000 software specialists in the U.S. and probably half that number again in Britain.

The result is that there are rich pickings for the software entrepreneur, and especially for the creator of the software package, a piece of software designed for a specific function and which can be sold to many customers, requiring the minimum of modification to fit the needs of each individual client.

Traditionally, computing services comprise three principal activities; bureaux services, software products and professional services. This last includes turnkey systems, consultancy and education and training. Other services such as independent maintenance are also assuming increasing importance.

Long-established

Bureaux services is the oldest and largest sector, here and abroad. In the U.S., for example, processing services accounted for 70 per cent of total revenues in 1979. In the UK, the comparable figure was about 60 per cent.

Bureaux simply do your computing for you. In the U.S. the major bureaux include IBM—now back in computing services again after a major court battle with Control Data Corporation left it out in the cold for some years, General Electric, through its information systems subsidiary, and Tymeshare.

IBM is a major provider of bureaux services in Europe; others include General de Service Informatique and CISI in France and Baric, Datasolve and Centrefile in the UK.

While some companies are happy to let their bureaux handle all their computer affairs, it is a more common pattern these days, especially in the larger companies, to use a mix of in-house and out-of-house computing. Thus, Stuart Bailey, sales director for Geisco—the UK arm of General Electric Information Services and one of the biggest inter-active services bureaux in the UK—can claim that most of Britain's top 100 companies, all with well-known and powerful data processing facilities, are also his customers.

At one time, bureaux in their earliest form, simply processed batches of their clients' data. Collected by van during the day, data was prepared for the computer, processed in one of the three shifts most bureaux ran, then returned to the client.

Horror stories in those early days were rife. Customers' precious business data could be lost, computer tapes mangled, results sent to the wrong recipient. It still happens, of course, but, in general, bureaux have established a sound business image.

They have to do much more these days than simply batch processing to stay in business. There is no shortage of work about, but their chief competition is not other bureaux, but rather the company that wants to install its own small computer. As Mr. Bailey says: "There is always a strong pull for people who want to make their own solution."

Inter-active working is the new trend, where the customer has a computer terminal on his premises and is able to interrogate his company files or process his data over a telephone link between his office and the bureau's computer.

Some bureaux specialise either in particular areas or particular computers. Comshare, for example, has a particular interest and expertise in financial management systems. Centrefile, a subsidiary of Costain and Mowlem is specially interested in the kind of calculations used in civil engineering—it also specialises in ICL hardware.

The second sector — software products — is less mature and less coherent. Broadly, computer software comes in two varieties: systems software which comprises the programs which control the computer itself, and applications software which carries out the task required by the user.

Software houses will write software, either systems or applications, tailored to your own needs or they will sell you a package which should satisfy you — ideally, with little alteration. Because the cost of bespoke software is so high, there is a strong trend towards packaged software; while there is a great belief in the quality of European software (and especially British software), the fact remains that seven out of 10 packages sold in Europe are American in origin.

Big sellers

The largest of the American software houses providing packaged software is Informatics, followed by Management Science America and Cincom Systems and Applied Data Research. The biggest sellers, at present, are systems software, data handling packages such as Total, Roscoe and The Librarian (the computer industry indulges its love of mnemonics and puns to the full in naming its packages).

According to Lawrence Welke of the U.S. consultancy, International Computer Programs, applications software will account for 80 per cent of all package sales, within five years.

The biggest UK software house is Scicon, with a turnover probably in the £20m to £30m market. Then there are a profusion of smaller houses, CAP, Logica, Systems Designers, SPL, to mention but four, and hundreds of smaller concerns.

In the UK, at any rate, professional services is the star performer. Figures prepared by Input show that between 1977 and 1978, this sector which includes consultancy, training, education, contract programming and turnkey systems grew by 40 per cent. Total billings in 1978 were $239m.

According to Input: "Professional services are expected to continue at this level of growth; any decrease in tailored systems market share being taken up by increase in consultancy, education and turnkey systems."

Services companies, largely ignored by the City for years, are now well-placed for investment, according to Dr. Douglas Eyeions, director general of the Computing Services Association, the UK trade association.

"Suddenly, services companies are the glamour stocks and everybody is trying to get into them," he says.

He emphasised the change in recent years from the simple picture of bureaux and software houses to the present processing services, professional services and software products (packages) divisions.

"The ability to raise money for services companies has never been so high," he says.

There are threats from outside. The U.S. equivalent of the CSA, Adapso, has been fighting legal battles to prevent banks and other commercial organisations offering computing services in the U.S.

There is much talk of merger and takeover in the air. Burroughs, the mainframe computer manufacturer, has just bought Systems Development Corporation. In the UK, the French and the Belgians have both taken a toe-hold by buying UK bureaux—the Belgian group CIG took over the IBM-based bureau, Lownes Ajax, this year from Hill Samuel.

In France, software houses have become grouped into massive blocs, CAP-Sogeti-Gemini being a good example. In Britain, Scicon and BOC Computing Services have made it clear they are determined to grow by acquisition.

Despite the growth already seen and the firm predictions that all sectors of the computing services market-place will continue to expand at a significant rate, profitability, especially in the UK, has often been disappointing, and throughout Europe, the services industry has failed to move manufacturers from the No. 1 spot.

With a projected $20bn market in 1985 in West Europe, it looks as if the lion's share will go to companies which think big and achieve multinational status.

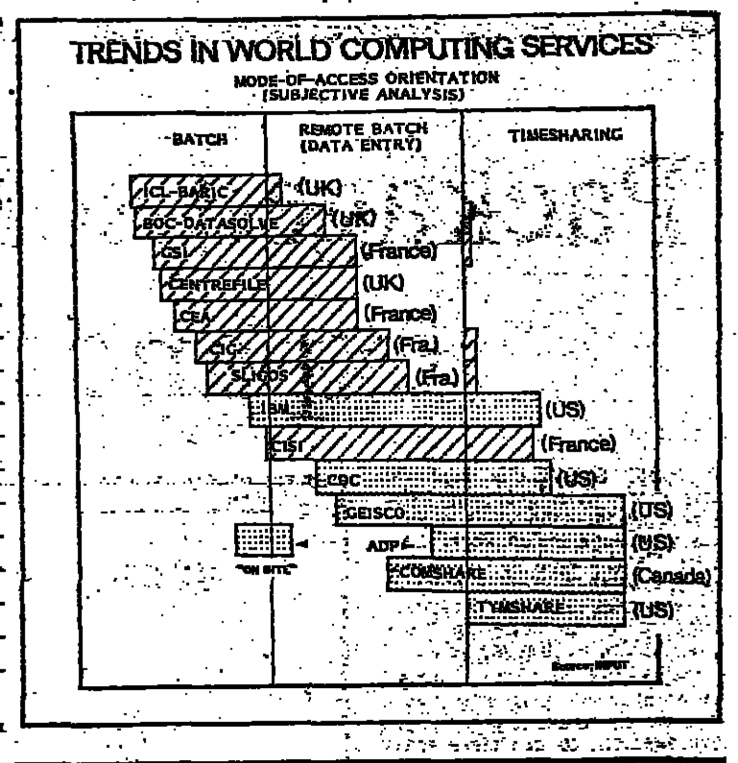
Alan Cane

THE TOP TEN

Computing services vendors in the UK, 1978.

Vendor	Revenue for all services (£m)
IBM	35.0
ICL Dataskil	16.0
BOC Datasolve	13.0
SCICON	12.7
H-IS (GEISCO)	10.2
Logica	10.0
Systime	9.1
UCSL	9.0
CMG	8.0
CAP-CPP	7.0
ICL Baric	7.0

Source: Input



WEST EUROPEAN COMPUTER SERVICES MARKET

Type of Service	1978 $M*	1978 %	1979 $M*	1979 %	Annual growth Rate %
RCS	1,132	19.9	1,429	20.8	26.2
Batch	2,441	42.8	2,962	43.1	21.3
FM	89	1.6	102	1.5	14.6
All processing services	3,662	64.3	4,493	65.4	22.7
Software products**	586	10.3	703	10.2	20.0
Professional services	1,450	25.4	1,677	24.4	15.7
Total	5,698	100	6,873	100	20.6

THE U.S. COMPUTER SERVICES MARKET

Type of Service	1978 $M*	1978 %	1979 $M*	1979 %	Annual growth Rate %
RCS	2,707	33.4	3,050	30.9	12.7
Batch	1,976	24.4	2,360	23.9	19.4
FM	1,082	13.3	1,230	12.5	13.7
All processing services	5,765	71.1	6,640	67.3	15.2
Software products**	981	12.1	1,620	16.4	65.1
Professional services	1,362	16.8	1,600	16.2	17.5
Total	8,108	100	9,860	100	21.6

* At 1979 exchange rates; ** includes hardware manufacturers' product licensing.

Source: Input

A remarkable increase in distributed services

BUREAUX are the flagships of the computing services industry. In the early days, they were the industry, and they still occupy a significant position, if not as commanding as before.

In 1979, for example, bureaux operations in the U.S. accounted for about 70 per cent of total billings with an annual growth rate of 15 per cent. Software products, however, with only 16 per cent of total revenues, were growing at 65 per cent a year.

The European picture for the same year was quite different. Bureaux (or processing) services took 65 per cent of the total billings, but were growing at 22 per cent a year. Software products were growing at 20 per cent and professional services at 16 per cent.

The bare figures conceal the underlying trends — and for the European scene, they are quite misleading because, as a composite picture of a number of different countries with quite separate approaches to data processing, they blur the essential differences.

Bureaux worldwide are having to change their method of operation because of the advance of technology. For some, it is proving traumatic. They are large and cumbersome, devout followers of Grosch's Law and slow to change. (Grosch's Law is a whimsy dreamt up by the enfant terrible of the computer industry, Dr. Herbert Grosch and immortalised after it seemed to be true. It states, essentially, that unit costs for data processing are lower for big powerful computers than small, more limited machines. Micro-computers do not obey Grosch's Law.)

Successful

Bureaux are rarely the first to leap for new technologies; their investment in existing hardware and software is too great and they are experts at wringing the last bit of useful processing from old and obsolete hardware. One of the most successful bureaux in Britain, Comshare, carries out its processing on old Sigma machines made by Xerox corporation when it was in computer manufacture. Now they are kept going by cannibalising scrap Sigmas.

"Grosch"-type bureaux were well suited to batch processing, where data is collected from customers, processed one job after another in batches and returned to the customer. Now the trend is to remote computing, a service based on good telecommunications facilities and very sophisticated software.

Inevitably, North American companies took the lead in remote computing through massive timesharing bureaux such as Comshare, Automatic Data Processing, General Electric Information Services (represented here by Geisco) and Tymshare.

In simplest form, remote computing involves a terminal on a customer's premises which can be used to send data over the telephone lines to the bureau computers where it can be processed either in batches or in time-sharing mode where the computer is persuaded through slick software to divide its time between a number of users simultaneously.

Inter-active work is a further sophistication where the user is able to carry on a dialogue with the computer, asking questions, demanding reports and amending the files.

The Americans now have massive expertise in running inter-active, time-sharing networks of computer centres and customers. Britain is the most advanced of all the European countries through bureaux like Contrefile and Unilever although a long way behind the U.S. In 1979, remote computing in the UK accounted for 25 per cent of total revenues and was growing at 38 per cent a year. Batch services, while taking 34.4 per cent of total billings was growing at only 21 per cent. Nevertheless, the feeling is that the UK is moving into remote computing reluctantly—one senior bureau specialist said: "There is a great reluctance to get into investment mode."

In France, by way of comparison, remote services took 22 per cent of total revenues and grew 40 per cent between 1978 and 1979. Batch services with over 50 per cent of the market was growing at the same rate.

The powerful French group GSI last year took over a small UK interactive bureau chiefly to obtain a finger hold on inter-active processing technology.

Now all the major bureaux are gearing themselves for the next leap forward — to distributed data processing (ddp).

Ddp is an industry buzz-word which owns up to several definitions, but, in essence, it means providing adequate computer power at the point where it is needed. It has become possible because of the massive reductions in hardware prices through microelectronic technology and large investment in the very sophisticated computer software necessary to make the system work.

In practice, it means providing the user with a small computer which can carry out substantial processing in its own right; where much greater processing power is required, the job is transferred automatically to mainframe computers located elsewhere.

Geisco, the UK arm of the giant Mark III network, the largest commercially available computer network, has just announced its plans for a major initiative in ddp.

What Giesco intends to do is offer its users a Texas Instruments minicomputer or series of minicomputers located on their premises. The TI computers will be linked by telephone and satellite to the three main data centres in the U.S. and in Holland.

Most data processing will be possible on the minicomputer—as one consultant said this week, the kind of "number crunching" that used to take a massive computer centre can now be carried out easily on a mini or micro.

Facilities

Where there is a need for the facilities of the Mark III network, either processing power or the special software facilities, the link will take place using packet switching technology, a method of "squirting" data down telephone lines in short self-contained bursts which is very economical on line charges. It will give, according to Stuart Bailey, of Geisco, "true mixed processing—we will be a total supplier; our customers will be able to come to us for one stop shopping."

While most UK bureaux are making gestures in the direction of ddp there is a belief that only Geest Computer Services, a subsidiary of the Geest Organisation, has made much headway. It offers remote, on-line services using Texas terminals.

But as the major bureaux world-wide jostle for pole position, the plans of the acknowledged champion provider of computers and services to the world, IBM, remain a mystery.

It has a one-third share in Satellite Business Systems, an information services company which plans to put its first satellite into orbit next year. In Britain, it operates a massive remote computing data centre near Warwick. According to the consultancy Input: "An aggressive growth plan is in the early stages of implementation, with the super centre at Warwick which can house as many as six IBM System 370/168s (a very large computer indeed) tied to a network of 80 high speed lines and 10 concentrators serving the UK market."

IBM has not been noted for the kind of networking and teleprocessing software which has distinguished bureaux such as Comshare and Geisco, but there are clues that it is developing software which could offer customers a personal computing service at a competitive price.

The combination of the super centres and the potential of high speed satellite data links must give all IBM's services competitors considerable food for thought.

Alan Cane

Packaged software sector expands rapidly

CINCOM SYSTEM'S turnover was more than $30m in 1979. Its principal product is a software package called Total. Last year, Total sealed its reputation as the world's most successful independent systems software product by notching up more than $100m in lifetime sales.

Total is a database management system. It is a software tool which makes it possible for management to use more effectively the data it has stored in its computer's memory. To give one example, a computer file might contain a stack of sales orders. Different individuals in the company would want different information from that stack of data.

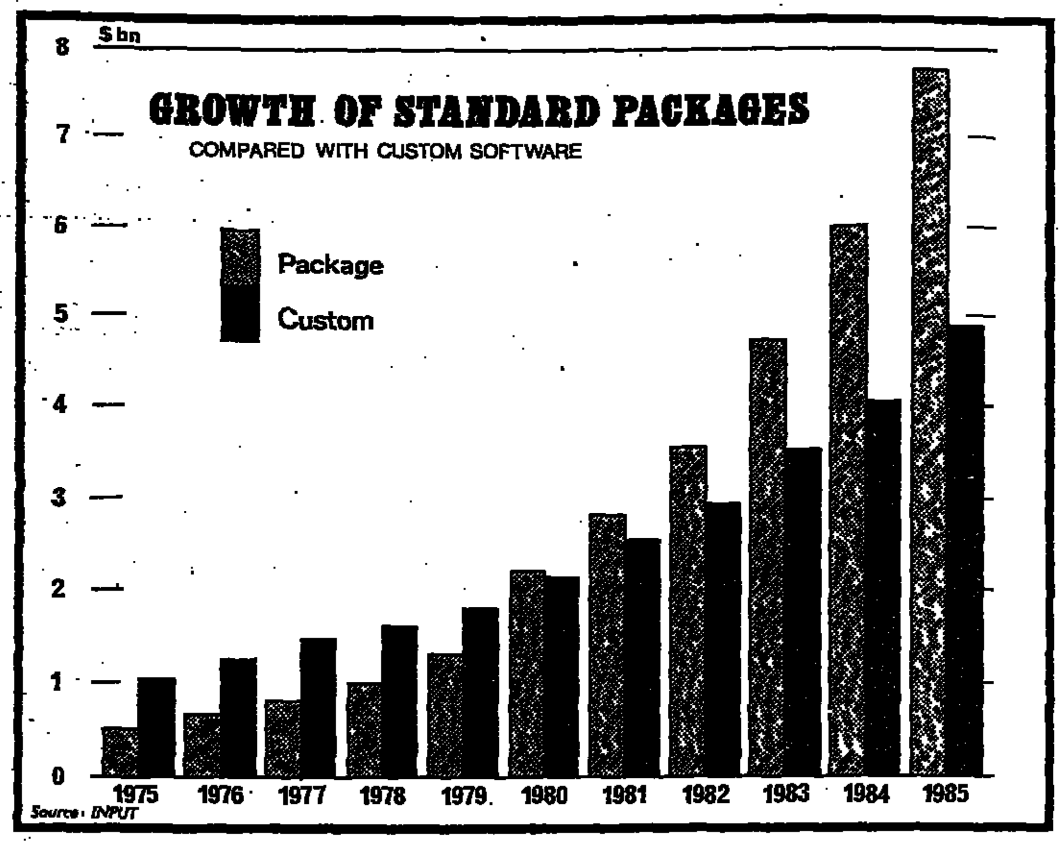
The sales director might want to know the *value of orders* attributable to different salesmen; the production director might want to know the popularity of individual products. Each member of the management team needs a different view of the data; making this possible is the chief responsibility of a database manager such as Total.

Total fits on some 28 different makes of computer, both mainframe and mini. It will run in as little as 12 Kbytes or as much as 4G Kbytes, depending on the facilities included.

It is not a tool for the naive computer user. Cincom says it sells it only to companies where there is a demonstrable need and sufficient in-house software expertise to handle the system.

Its users include Proctor and Gamble and 3 Ms. *If you* were to buy Total, Cincom software specialists would visit you, educate your staff in the use of the package, transfer the lists of computer instructions which make up the package from their tapes or discs to the memory of your computer and leave you and your programming staff to get on with it, promising to return with improvements to *the package as they* are released.

It would cost you between £12,000 and £30,000.



Cost factor

The moral of this story is that if you went to a respectable software house and asked it to write you a database manager from scratch, the cost would not be *less than £25,000—and could* reach £100,000 for an "all-singing, all-dancing" version. Cincom is writing a new applications package; the cost to date is $8m.

That explains why packaged *software is growing faster* than any other sector of the software market.

In the U.S. in 1979, the software package (or product) market was growing at an annual rate of 65 per cent. Sales were $1.6bn; by 1990 it has been forecast that sales will top $25bn. Independent figures suggest that there are more than 8,000 packages in existence in the U.S.

In the UK in the same year, the value of the package market was only a little over £50m, but it was growing at 70 per cent annually.

According to the specialist consultancy, Input: "Such a high growth rate is not expected to continue at this level, *but because of its relative lack* of development the sector will lead the growth rate chart for the next few years. A new contributing factor to this growth was the start-up of sales of software packages for personal *computers at* the *very low end* of the market."

The *hard fact is that most* packages used in Europe are American in origin, marketed either by subsidiaries (Cincom was urged to set up its European *operation by multinational* companies which were heavy users of its product), or under licence by European software houses.

And as most of the computers in use are IBM machines, most *packaged systems* software is written to run on IBM hardware. (Systems packages are software which manages the computer's resources: Total is *a good example. Applications* packages are written to perform specific functions for the user; Safes, a production control package written by Safe Computing, a subsidiary of Chubb, comes into this *category.*)

The U.S. connection caused problems for CAP, one of the UK's leading software houses last year when its licences to market products in *mainland* Europe from two U.S. houses, ADR and Boole and Babbage, were suddenly revoked. It left CAP badly placed until its own *Improve range of systems* products came on stream.

The other side of the coin is that the UK's only significant software successes in the U.S. have been with systems software. MSP with Datamanager, a typical "housekeeping" package and Altergo with Shadow II.

Written originally by the Thomas Cook organisation, *Shadow II is a teleprocessing* monitor which runs on large IBM hardware. It manages the interface between the computer and its operations and data coming in over telephone lines —it enables the user to carry *on a dialogue* with the computer.

Big trend

The economics of the software business dictate that this year sales of standard packages will overtake those of custom software, and that by 1985 will be *far ahead.*

It simply costs too much, at present software prices, to "keep re-inventing the wheel." Customers seem happy to pay the price in modifying the way they do their business to suit the package to avoid the costs of a custom job (and the inevitable debugging and maintenance which follows).

Then there is the explosive *growth in sales of mini and* micro computers which often arrived with no software at all (the "naked" mini). The cost of hardware once dominated the *economics of data processing.* Now it is the cost of software. Large bureaux operators, who themselves are leaders in selling or licensing packages, *reckon that the cost of hardware* will soon be no more than 25 per cent of the total cost of a major system.

Already, there are hundreds *of examples of microcomputer* users spending £3,000 on hardware and finding they have to spend several times as much on the software to make the machine work.

Then there is time. The planning, *writing and debugging of* a custom-built programe is time-consuming — taking, perhaps, three years or more. And data processing managers com*plain that their users* are always changing their requirements which means further delays. A package may not give them all they want, but it is up-and-running in days, rather than months or years.

While the *massive* U.S. software houses turn over millions of dollars in packages through the size of their home market—in 1979, Informatics package *revenue was almost $40m with* Management Science America, Cincom Systems and ADR only a little way behind, in Europe scores of small software houses hope to do an Altergo and find a Shadow II.

But, as always, IBM waits in the wings. It is already a massive supplier of packages such as CICS, a management information tool, and if it *entered the package market on* a grand scale it would wreak havoc among the present vendors. With revenues from hardware melting away, it may have little choice.

A.C.

Bureaux supply customers with on-site computers

BUREAUX SEARCH continually for new business. Only by keeping their computers running day and night can they justify their investment in hardware.

Yet the fact is that bureaux rarely come up against each other in the battle for customers. The potential market remains vast—by 1985, the West European computer services market alone is likely to exceed £50bn, mostly in bureaux services and there is enough business for all. The chief competition for most bureaux is the company that wants to do its own computing.

Some bureaux will profit by offering specialised hardware. Computel, for example, an ICL-based bureau, hopes to profit from offering ICL's superfast information retrieval system, CAFS (Content Addressable File Store), and—perhaps—its powerful "number cruncher," the Distributed Array Processor.

Others will offer specialised software—Comshare, in financial management systems, or Tempo, in advertising industry systems, and Kalamazoo, in motor trade applications. There are two further markets with marked potential for growth which processing companies are beginning *to exploit, User Site Hardware* Services and Facilities Management.

User Site Hardware Service is a direct consequence of the *falling price of computer hard*ware, and it is the way in which the bureau can most effectively counter a customer's desire for his own machine.

It means, simply, providing the customer with a computer *on his own copany premises* which can be used to process a substantial part of his work load — and which behaves as if it was part of the bureau system.

Automatic Data Processing (ADP), *an aggressive U.S. com*pany was, perhaps, the first to offer user site hardware services in a big way; it called the ser*vice On-site, a name* which now seefs to be applied to any similar operation.

ADP is one of the most successful time-sharing bureaux. Its special expertise lies in squeezing the maximum per*formance possible out of a net*work of powerful computers — in the UK, four Digital Equipment System 10s.

With falling hardware prices, ADP found it possible to offer its customers small DEC com*puters — 2020s — to operate* on their own sites. The machines, which would run all the DEC software and so, to the user, would not be operationally different *from using the* ADP network, could be used to carry out jobs locally, while functioning as a remote terminal if the power of the network was required.

Expenditure

Brian Tytherleigh, managing director of ADP in the UK said that On-site offered the cus*tomer top cover:* "Many of our customers are chiefly worried about their expenditure on bureaux services; using On-site puts a ceiling on their expenditure."

On-site has taken off well in the U.S. and is beginning to show signs of acceptance in Britain. BOC Computing Services is one bureau that is beginning to follow in ADP's *footsteps.*

Mr. Tytherleigh said that, in *Europe,* ADP had made 13 sales of On-site systems, which was close to the company's marketing predictions. He said it was both a product and a marketing device: "In *France, we have* discovered we can go in the front door shouting 'On-site' and come out of the back door with more business for the central system."

A variation on On-site which some bureaux are beginning to market is to sell the customer a part of a computer.

Time-sharing is used so that a group of users share the resources of a single machine. But as minicomputers drop in price, and more important, gain in power, it makes economic sense to sell a user part of a minicomputer for his exclusive use. Geest Computer Services offers such a service on Texas Instruments minis.

The essential difference between an On-site operation of the kind offered by ADP and a distributed data processing (ddp) system which Geisco is *now offering in the UK (it has* been on offer in the U.S. under the name Marklink for some time), is that although both are aimed at the high spending *client. On-site offers a ceiling to* costs, ddp offers a bureaux solution to difficult data-handling problems.

Facilities management is an *entirely different approach. It* means the management of all or part of a user's data processing functions under a long-term contract (not less than one year).

The specialist consultancy, *Input emphasises:* "The contractor must directly plan and control, as well as operate, the data processing facility provided to the user site through com*munications lines, free stand*ing or in mixed mode."

The annual rate of growth of facilities management in the U.S. is about 14 per cent. slightly better than the growth of remote computing services. *albeit starting from a much* lower base point.

In Europe, the growth rate is currently around 14.6 per cent, although at £200m, it is only 1.5 per cent of the market.

The software and services company Hoskyns is probably the UK market leader in facilities management, with some 55 FM deals under its belt.

There is no doubt that it has found it most profitable to pursue a modification of the basic concept, rather than simply managing a client's computer installation.

The Hoskyns service is called "Crossroads." It aimed at customers who are changing hardware suppliers or software technology.

Difficulty

The problem is that many firms cannot afford the cost of parallel running, antiquated system and new technology, nor take the chance of disenchanting their invaluable software staff by asking them to run and *maintain an old and dying* system.

Hoskyns will "take the problem off your hands"—although, as Brindley Reynand of *Hoskyns, says, sadly:* "It seems to be mostly ICL users getting out of ICL and changing to IBM, or to minicomputers."

Hoskyns will simultaneously *build* the customer a new system on, say, DEC or Hewlett Packard hardware, building in its own MAS or special purpose software.

Reynand says: "Traditional FM has not taken off because too many people caught colds. We have learned that you need size, stability and experience. *We learned which FM deals* to turn down, which to accept and how not to lose our nerve."

Hoskyns last year turned in pretax profits of £664,494 on a turnover of £12.1m. Its first half figures for 1980 show substan*tial improvement.*

A.C.

COMPUTING SERVICES IV

Government support lags behind in Britain

COMPUTING SERVICES and software are generally considered to be one of Britain's strengths in the international data-processing market. Yet the industry remains fragmented, with a predominance of small, independent companies. Government support, both direct and indirect, has also lagged behind what is available in many other European countries, the U.S. and Japan.

The Computing Services Association (CSA) claims to represent more than 80 per cent of the UK industry, measured by turnover. But of the £350m worth of business done by its 175 members last year, more than half was accounted for by the 20 biggest companies belonging to the Association.

The biggest of the CSA's members, Dataskil, a subsidiary of International Computers Ltd., had a turnover of only £25m last year, however. In France, by contrast, the industry's total business is running at roughly double the level in Britain, and the biggest company, GSI, had a turnover last year approaching £70m. Indeed, more than a dozen of the top 30 computing service companies in Europe are French.

Comparisons

The comparisons between Britain and France are instructive, not least because the two countries are competing increasingly in the field of applied computer technology. Though ICL remains Europe's biggest general-purpose computer company, there is growing Anglo-French rivalry in systems such as viewdata and teletext, and France is also emerging as a force in the world market for telecommunications equipment, particularly advanced electronic exchanges.

The concentration of the French computing services industry, with a relatively small number of big companies accounting for the lion's share of the business, reflects both the country centralist tradition and extensive public ownership of key concerns in banking, services and the manufacturing economy.

Many of the top French companies started out as the data-processing departments of public sector enterprises, to which they still belong. CISI is a subsidiary of the Atomic Energy Commission, SG2 belongs to the Societe Generale, Sligos to the Credit Lyonnais, and G-CAM and CAM to the French State savings banks.

Though encouraged to seek business from customers other than their parents, and increasingly from abroad, these companies have remained nonetheless subject to a degree of State control. This has often been to their advantage, since it has meant that they have been included as integral elements in the Government's recent plans to invest in ambitious computerisation and telecommunications programmes.

It is difficult to estimate exactly how much of the industry's business is generated by the Government and public sector. But the spin-off from programmes such as the modernisation and enlargement of the telecommunications network must be considerable, and the proportion is thought to be higher than in most other European countries.

The French Government has also sought to stimulate the industry in other ways. Last year, it decreed that State bodies requiring computing services must demonstrate that their needs could not be met by outside suppliers before placing orders in-house. That reversed the previous rules, under which State bodies only sub-contracted outside if they could not get what they wanted internally.

In Britain, the public sector is also a major force in data processing, accounting for almost a third of the country's installed computer capacity. But its share, higher than the EEC average of around 25 per cent, may say more about private industry's backwardness in applying computers than about the centralisation of State power.

A number of the CSA's members complain that public sector practices in Britain tend to stunt, rather than stimulate, the growth of a vigorous computer services industry. This is particularly true of computer bureaux, which are heavily dependent on the private sector for their business.

In contrast to the U.S., where hundreds of millions of dollars of business is sub-contracted to independent bureaux by Federal and state agencies, a large proportion of UK public sector work is carried out in-house by data processing departments. In addition, the Post Office and the National Coal Board both have captive service subsidiaries.

The one exception to the rule is the Ministry of Defence, which puts out a substantial amount of work to sub-contract, though official security makes it impossible to calculate the value of the business with any precision. But otherwise, as CSA director Dr. Douglas Eyeions laments: "The idea of the Government using outside bureaux is unthinkable in this country at present."

The independents argue that restrictive practices by Civil Service unions means that the work is often performed less efficiently than if it were farmed out to private companies. They also complain that their own competitive position suffers because some Government departments and nationalised industries have surplus data-processing capacity which they sell or rent to outside customers.

In terms of software design, the UK industry fares rather better. The Department of Industry sponsors a number of programmes both to assist the development of specific software products and packages and to encourage the wider application of computer technology, and therefore demand for software.

New products

The longest-running support programme is the Software Products Scheme, launched in 1972, under which the Department subsidises up to half the cost of the development and initial marketing of new products. Though it got off to rather a slow start, almost £1m a year is now being disbursed under the scheme, mostly for smaller projects.

Almost £3m a year is being made available under the Products and Processes Development Scheme, intended to assist a wide range of industries. The scheme will finance up to 25 per cent of development costs, and money disbursed so far has been split about equally between support for hardware and software.

The services industry has also benefited from the scheme aimed at increasing microprocessor awareness (MAP). This DoI programme has both financed consultancy work and generated demand for software to be used in a range of applications. In addition, the Government has financed studies, carried out by CSA members, of industrial strategies for text processing and office automation.

Potentially the most ambitious, but to date the most disappointing, of the Government support schemes is Insac. This is a subsidiary of the National Enterprise Board which was set up some three years ago to aid the development and marketing of new products by a group of software companies in which the NEB had acquired equity interests of 25 per cent and above.

Insac was pledged a total of £20m by the Government, with an initial funding of £9m. Its principal objective has been to identify market opportunities for British software, particularly in the U.S., and to provide its member companies with sales back-up which none of them could afford individually.

Sensible as that may sound in theory, Insac has few results to show so far in practice. Though it has acquired a U.S. marketing force by taking over the American sales arm of Altergo (a British software company not connected with Insac), it has so far generated only a handful of products.

Moreover, its U.S. marketing force is not ideally equipped to handle Insac's biggest project so far, a communications system for computers, developed jointly with Systime. This is because the system is intended for use with minicomputers, while the Altergo salesmen specialise in selling to IBM customers using big mainframe machines.

Insac has been dogged, almost from the beginning by squabbles between its five member companies, which were represented initially on the Insac Board by their chief executives. It soon became apparent that it was impracticable for one executive to discuss his company's affairs in the presence of the others, and earlier this year it was agreed that liaison with Insac should be turned over to company representatives at below Board level.

While this has made for smoother relations, it has lessened the sense of common purpose between Insac and its members. At least one of the five companies has asked the NEB to sell back its equity interest, and the NEB has been talking about widening Insac's operations to cover products developed by companies in which it does not hold an interest.

If Insac eventually gets over its early teething troubles, it seems unlikely to play the part of impresario originally envisaged when it was set up. More probably, it will develop into a supporting player, helping software companies with advice and money but rarely featuring in the spotlight itself.

Guy de Jonquieres

Expanding role in defence systems

GOOD computer programs are best written by those with intimate knowledge of the use to which they will be put. And, bluntly, it takes dramatically more time and effort to become acquainted with the software requirements of a modern missile system than those of a company payroll.

The tiny clique of service companies qualified to undertake defence software therefore need fear little in the way of new competition—nor any shortage of work, as the defence requirement for computing of ever greater complexity continues.

The key to this very exclusive club is the award of Defence Standard 05-21; only seven software houses in the UK are members. Other software houses such as Dataskil and Computer Sciences do extensive defence work; but 05-21 is the top grade of clearance.

The biggest and undisputed leader of the clique is Scicon, part of the BP group, which has a 20-year history in defence and scientific software. The others are Logica, Systems Designers, Software Sciences, Systems Programmers, CAP Scientific and, to some extent an outsider, having a U.S. parent, Leasco Software.

Unlike the U.S., where software and services companies such as Systems Development Corporation and Planning Research Corporation have grown comfortably on defence contracts, the UK Ministry of Defence has been conservative in placing software contracts outside its traditional electronics contractors such as Marconi and Plessey.

But this approach is now changing. Philip Hughes, chairman of Logica, said: "The whole business is expanding extremely rapidly, not only in the British armed forces, but also in NATO. The axis seems to be swinging to give the Europeans a better chance."

Logica has just secured its first major NATO contract, worth £500,000. It will be part of a six-company consortium carrying out a design study for the top level command and control system for Allied Command Europe.

The amounts of money available for defence computing are enough to make it worthwhile for some software houses to focus almost their entire energies in that area. About 40 per cent of Scicon's £30m turnover comes from defence and, according to Julian Vear, managing director, it is the chief platform for growth. "We would very much like to become a prime contractor in the medium term," he adds.

At present, hardware firms generally function as main contractors, farming out the specialised software to software houses with the Defence Ministry's seal of approval. Logica and Scicon, for example, were both sub-contractors to Marconi Space and Defence Systems for work on the controversial Sting Ray advanced lightweight torpedo.

And Systems Designers built the software proving rig for the RAF's Jaguar aircraft. Such a rig simulates the effects of changes in the computer systems which control the aircraft without the need for flight-testing.

The Defence Ministry's budget for work done "out of house" in 1979 was around £800m. As one of the software houses laconically put it: "This is enough to support 40,000 professional staff with associated overheads and equipment."

Main areas

The actual work undertaken by services companies in defence falls into three principal areas: modelling and assessment, systems design and implementation, and what the cognoscenti call C^3—command, control and communications. This means the development of automated communications systems. John Poston, in charge of Government business at Scicon, commented: "At the beginning of a war things happen very rapidly. At a tactical level there is a massive requirement for rapid assessment of the information provided by your sensors. It tells you what choices you have left."

CAP Scientific points out: "Unlike the commercial data processing world, where input and output comes from and is directed to people, defence software is set in an environment where machines talk to machines."

But if C^3 is the chief growth area in defence computing, modelling and assessment is the most complex and fascinating. It is highly mathematical and requires great knowledge of the problem; a successful computer simulation can save vast amounts of money. Scicon carried out some of the early development work on the Ikara anti-submarine weapon system, in which a torpedo is launched from a guided missile, homing in on its target no matter how evasive that target is.

It was able to create a mathematical simulation of the system, enabling the Royal Navy to experiment with a variety of operating conditions for a cost of about £6 per simulated "firing."

And if that sounds like Alice-in-No-man's-land, Logica's experience in war gaming has led to the world's most advanced simulation of a land battle—a computer representation of a major war in mid-Europe in the next decade. Colin Rowland of Logica shudders when he talks of it: "It's the last place you would want to be."

Defence work is prestigious, sometimes leads to a commercial success—Logica's Rapport relational database, for example—and casts a glow of quality assurance across the whole company. But it is not necessarily lucrative. The return on capital is rarely greater than 30 per cent. As one company said wryly: "The MoD does not like to see software houses making vast profits on its contracts."

A.C.

Shortage of technical specialists

WHEN COMPUTEL, one of the UK's leading ICL-based computer bureau, took over the ICL operations of one of its chief competitors, BOC Datasolve, it ignored the hardware.

It chiefly celebrated the acquisition of a number of highly qualified specialists in writing software for ICL computers, who were taken on as part of the deal.

But still it was not satisfied. As Bob Downey, its director of sales and customer development put it: "Though we were fortunate in recruiting eight addition technical specialists from Datasolve, we need more."

In that is encapsulated the problem of the scarcity of human resources which faces the services industry, worldwide.

It is now worthwhile to take over a competitor simply because it gives access to the kind of people who are needed to help the company grow.

Never satisfied

Most computer people agree that the chief constraint on the software industry at present is a shortage of the kind of specialists able to undertake systems analysis and write efficient computer programs.

To some extent, the demand for good software specialists, just like the demand for good nationalised medicine, can never be satisfied.

A director of a major services company told me recently: "If the computer industry was to undertake all the projects it believed it was capable of fulfilling technically, every man, woman and child in the country would have to be a programmer."

An over-statement perhaps, but in a study carried out by the Institute of Manpower Studies for the Manpower subcommittee of the Computer Sector Working Party of the National Economic Development Office, it comments wryly: "It is something of a paradox that the phenomenon which partially explains the rationale for a services sector—the shortage of qualified computer-skilled manpower—also limits its ability to reap the really glittering market prizes which are there for the taking."

That study suggested that last year the services sector employed, at a conservative estimate, 27,500 people of whom 24,000 were qualified computer specialists.

That same study suggested on the basis of responses to questionnaires that, by the end of this year, the requirement for computer skilled manpower will have risen to 32,000 and by 1985 to 45,000.

In the U.S., the position is, if anything, even worse, and figures suggest that the demand for efficient programmers could be 40 per cent greater than the supply.

British programmers are, in general, highly regarded. They write tight, efficient programs which make economical use of the available storage space (a relic of the days when Europe simply could not afford to buy the massive arrays of expensive fast memory that was commonplace in U.S. companies) and they document their work well—that is, they write down carefully what their program is meant to do and how they have set about ensuring that it does it. Good documentation is invaluable if you ever have to alter or amend a program.

In consequence, there is a ready market for British programmers in the U.S. where they earn good salaries and gain experience of some of the major systems being implemented there.

But as the Institute of Manpower Studies report suggested, the shortage of programmers is a two edged sword for the services industry.

On the one hand, a substantial proportion of services companies are in the recruitment business (they like to call themselves "consultancies") looking for qualified computer people on behalf of client companies or hiring out programmers and systems analysts to companies, at a daily rate.

It has been a lucrative business. In 1970, Mr. John Hoskyns, now adviser to the Prime Minister but then the guiding spirit behind the services company which bears his name, predicted that consultancy and training would grow by 11 per cent compound a year between 1970-80. The actual figure, calculated last year by Mr. Roger Graham of Business Intelligence Services, was 35 per cent.

The growth of the recruitment business was so brisk that the Computing Services Association, the sector's trading association formed a new division especially to look after it. The present chairman is Michael Dauncey of Datascene Recruitment.

There are indications that the tide is turning, however. In the U.S., the customers, the client companies, are learning to live with the shortage as a fact of life. The view is that 24 per cent turnover is the accepted average. Contract programmers are the answer when good staff are needed in a hurry.

Contract programmers are the most obvious result of the programmer shortage. The better software specialists quickly discovered they could earn substantially higher salaries by going freelance and contracting their services to client companies, than by working directly for the companies or for consultancies.

Labelled with a dubious reputation to start with, contract programmers now have their own professional organisation — the Association of Independent Computer Specialists — and can generally reckon to be called on when deadlines have to be met and a software job carried out efficiently. They can also command up to three times the normal rate for the job.

In the UK also, there are signs that companies are fed up with the recruitment merry-go-round. The consultancy, Urwick Dynamics, has been carrying out an extended opinion survey in the industry in collaboration with the newspaper Computing. This showed that in September, 1979, some 43 per cent of data processing managers thought staff recruitment their chief worry.

Deadlines

By June this year, that figure had fallen to 25 per cent and meeting project deadlines had taken the place of recruitment at the top of the anxiety list.

The implication of the Urwick Computing graph is that within two years, recruitment of software specialists will have ceased to be a major worry in this country, just as it has in the U.S.

Advertising for programmers and systems analysts is already down and some consultancies are adopting novel techniques to increase the effectiveness of their recruiting campaigns.

DP Recruitment, for example, has developed a questionnaire technique it calls Paser, which, it believes, gives the client company an accurate picture of its attractiveness as an employer.

On the other side of the coin, software houses need good computer specialists themselves. The Manpower Studies Institute report said: "Whereas computer specialists in user firms are often regarded as a cost, in services companies they are the key asset.'

Many senior figures in the industry, while accepting that more specialists would be an advantage, believe that a whole mythology has developed around the reported shortages. They believe that the existing good programmers and analysts are simply not used efficiently because of poor management. It is an example of the "Peter Principle." Good programmers become poor managers.

There is certainly great concern over "programmer productivity" — the rate at which programmers produce good programs.

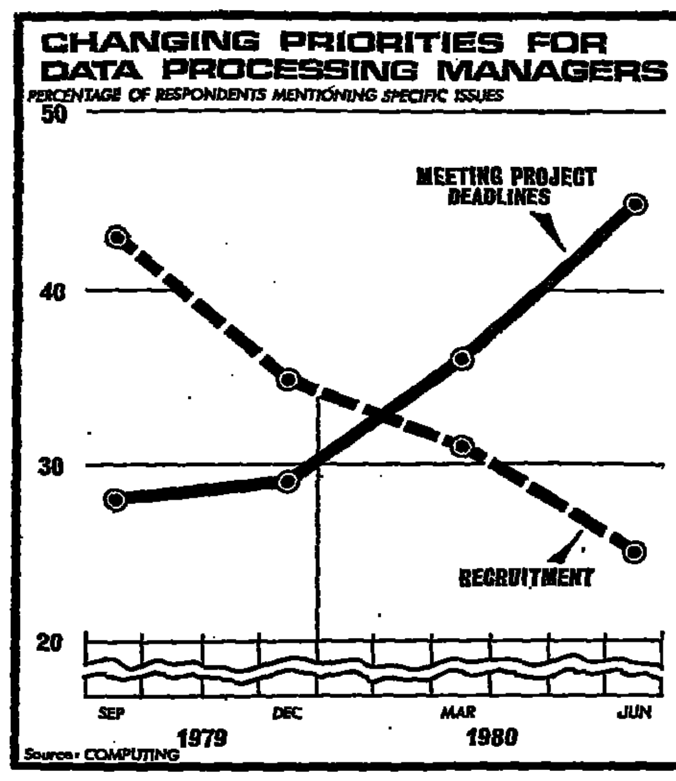
Attempts to improve programmer productivity are based in computer technology itself. There is increasing use of structured programming and very high level languages such as APL which make it possible for less skilled programmers to write effective programs. And there is increasing interest in programs which can write other programs—computers producing their own software.

Mr. Kit Grindley, a director of Urwick Dynamics is a pioneer in these techniques which he describes as "Systematics." But his approach is far removed from the sterile computerised "program factory." He believes computer users never know what they want, which means that the time invested in producing very accurate programs is simply wasted. He believes in producing wrong programs quickly (he defines "wrong" as "not what the user wanted").

This can be accomplished by using a computer and after a series of successive approximations, the resulting program will fit the user's requirements.

But even if the computer can be instructed to write its own scripts there will always be a need for humans to decide what the play should be all about.

A.C.



Changes in hardware production

A DECADE ago, the idea of computing services companies, especially software houses, being involved in manufacturing hardware would have seemed almost laughable. After all, how could tiny software companies possibly hope to compete with major manufacturers such as ICL and IBM?

But now it is becoming increasingly more common for service companies to provide the gaps in hardware which the major manufacturers are unwilling—or unable—to provide.

Service companies have always been closely involved with the provision of hardware for their clients, since their expertise is essential in determining the right equipment for the job. But this has usually meant just buying in existing hardware to the specifications laid down by the client.

But, during the past decade, service companies have moved steadily towards developing and building their own hardware. There have been two main reasons for this growth. Firstly, there has been the need to link-up two different computer systems, operated by different companies. Service companies are ideally placed to build and implement such link-up systems since they have wide knowledge of different computer systems, as well as their independent position giving them access to both sides.

Secondly, the multi-disciplinary skills of a service company give it the ability to build the right type of hardware needed for a specific job. A traditional hardware manufacturer, apart from finding the cost of such one-off equipment too high, is also not in the best position to determine just what hardware is needed.

One of the main British service companies, Logica, realised from an early stage in its development (it was only set up in 1969) that a hardware facility was needed. Mr. Philip Hughes, Logica's chairman, remembers that its competitors were surprised when the company recruited a hardware specialist right at the start.

However, this commitment to the hardware side of the business soon paid off, both in Logica's ability to better understand the uses of existing mainframe equipment, as well as the development of special hardware for particular problems. In 1970, for example, it developed special hardware to fulfil a project that it was carrying out for the UK Atomic Energy Authority.

Since the early 1970s, Logica has established a small factory on the outskirts of London to build its hardware, and has substantially expanded its use of such equipment. Its hardware business now accounts for about a tenth of its total turnover but, more importantly, it provides Logica with the capability of solving problems with the use of special equipment.

Cost-effective

Mr. Hughes says that building the hardware for a special job is more cost-effective than simply developing the software. For example, he says that specialised equipment can enable an operation to be carried out much faster than by simply adapting standard hardware.

Logica was commissioned by the Government's Central Computer Agency, for example, to undertake a feasibility and design study into a hardware and software system for a terminal network simulator. In order to exercise a mainframe system in a controlled fashion, the generator was required to stimulate the activity of a network of 50 to 1,000 terminals performing transaction processing enquiries.

Logica developed a design, based on a multi-processor configuration, including micro and mini-computers, to meet the requirements of the problem.

Another system developed by Logica was for a date acquisition and control operation for a new Whitbread brewery. The system included five telemetry systems responsible for primary data acquisition and control, each of which is connected to a dedicated microterminal. The system also uses Logica's remote plant monitoring and control package and, during operation, will be monitoring and controlling between 800 and 1,000 items of plant.

Although Logica claims to have been the first services company to extensively develop its own hardware production facility as an aid to its consultancy work, other companies have also moved into this area, including such companies as Data Logic and Unilever Computer Services.

Mr. Hughes believes that the development of microprocessors has made it easier for service companies to become involved in building their own hardware, since it has greatly increased the scope and flexibility of computer equipment.

Unilever's subsidiary, UCSL Microsystems, was set up in 1977 to provide microprocessor-based equipment to solve the problems of remote data capture. The company manufactures programs, and markets hand-held computer terminals for retailing, distribution, and order-entry by sales representatives.

UCSL Microsystems first introduced a hand-held programmable terminal, the M445, in 1977 through a marketing agreement with Micronics of Sweden. The M45 is now manufactured in Britain by UCSL.

With the increased flexibility provided by manufacturing one-off hardware equipment, the growth of service companies operating in this area is likely to continue throughout the 1980s. Such growth, however, could lead to some of the major equipment manufacturers themselves entering the specialist market.

David Churchill

An ever-widening range of users

THERE ARE *still one or two* commercial activities which although widespread and *accounting for* sizeable proportions of the country's Gross National Product have remained relatively unaffected by the computer.

Agriculture is one of these—*even though many farmers* would probably retort that they have other things to think *about*. But the monetary value of farming certainly stands comparison with manufacturing, where computers are widely used, and there are similar operational improvements to be made in order to maximise profits.

The problem lies in the difficulty that the computing fraternity has had in "getting in among" the farmers, a situation now being tackled by the Agricultural Computer Centre (ACC) at Chipping Norton. Although a commercial organisation offering services, the centre is making a noticeable effort in general educational terms by conducting seminars and setting up a nationwide demonstration network *based on 12 pioneer* users.

Working closely with Multiple *Accounting Services* (York, Oxford, Bristol), which offers financial services to agriculture, *the centre tries to explain what* options are open.

The basic choice is between today's *remarkably powerful* small on-site computer with software packages and the service bureau offering large *machines with equally* large memories and the benefit of ongoing contact. ACC tends towards the latter, pointing out that careful assistance is almost inevitable since many farms and estates lack the formal office background with which to make a realistic choice. The centre will arrange demonstrations, supply appropriate services on its own computers and then, if desired, move the customer on to his own machine with parallel bureau back-up to cover sickness, holidays and so on.

The approach avoids on the one hand a total early commitment to a particular machine (and the capital outlay) and *on* the other the piecemeal acquisition of separate task-dedicated services.

Different view

Another specialist company in this field, Farmfax of Stockbridge, Hampshire, takes the other view and offers a complete system running on a Hewlett Packard minicomputer which will deal with dairying, pig herds, arable farming and accounting. Farms down to 150 acres and 90 cows can benefit and it is interesting that some users are offering local "bureau" services to other farmers.

Apart from performing finan*cial chores the computer, with* its untiring capacity to sort, sift, relate and calculate, can *provide data about livestock* and crops that will give the farmer much better control *over day-to-day actions which might otherwise* occupy him all day with paper work. For example, trends in a herd with regard to milk yield, calving, serving, weight increase, and so on can be readily presented.

Obtaining the necessary input data can be simplified with the latest portable data collection units—basically a keypad and memory, the contents of which can be emptied into the computer over a phone line.

Another truly nationwide business field, building and civil engineering, has perhaps been rather better served than farming because there are a number of more formalised technical processes involved.

Elstree Computing, for example, a subsidiary of John Laing, has been able to use the experience of service to its parent to offer, among several other services, a system based on a DEC LSI 11 microcomputer that allows bills of quantity to be derived from a building drawing.

The drawing is fixed to a *digitising table* and the dimensions taken off by moving the digitising head from point to *point, corresponding dimensions* appearing on a visual display unit, the keyboard of which *allows any additional data or* instructions to be entered. Four such workstations can use the *single computer, its disc store* and printer. The output consists of traditional take-off *sheets as the work progresses* and finally a printed-out bill of quantities.

This company also offers a facility for laying out complete housing estates and for surveyors can provide interactive graphics programmes for the rapid translation of site survey readings to automatic plots and fitted contoured surfaces.

BDS—building design system—is offered by Applied Research of Cambridge and is used by contractors George Wimpey and by consultants W. S. Atkins among others. It seeks to replace multiple paper drawings and data by images kept in a magnetic disc store instead of a plans chest. Once captured they can be made immediately visible on a VDU screen for manipulation or on an automatic plotter.

As design proceeds on screen or digitised table from first sketch to complete result, data *accumulates* and there is progressive convenience and timesaving. For example, a door inserted in one view will appear in all the others. With general shape decided the designer can then select from storage and locate the basic components from which the building is to be constructed.

Two big contractors, Richard Costain and John *Mowlem* own *Computel, a specialised bureau* with six big ICL machines and a turnover that has reached *£5.5m in ten years. It supplies* many time sharing services, financial and technical, and *soon will be offering* Internet 80S, a Freeman Fox and Partners system that allows big pro*ject databases to be mounted* in days rather than weeks or months.

As one of its projects for a major bank, CMG Computer Services for Banks has designed a money market system, enabling dealers to enter transactions in real-time and to make various on-line enquiries.

Worthy of note, although essentially an internal service, is a £3m 50 terminal network put in by Univac for Constructors John Brown.

Many UK bureaux offer building and civil engineering services including SIA (structures), CMG (bills of quantity), LUCS (analysis of foundations and piles), UCC (steel framed buildings), Scicon (steel structure analysis) and BOC Datasolve (finite element analysis), among many others. The above are only examples of what each can supply.

At a short step from building construction is property management *and* estate agency, the latter presumably offering considerable scope for growth in *view of the High Street count* in UK towns. One of the first sizeable achievements was by CAP, which put an on-line system into Jones Lang Wootton offices. It allows property offerings to be matched to clients' needs and provides a partnership-wide property, client and applicant information service.

At the other end of the spectrum is a microcomputer system called Homefinder from Personal Computers. For about £2,500 it provides, on the agent's premises, a customer self-service property inquiry service on the VDU screen, a managerial inquiry facility, lists for mailing purposes, client/property matching and mortgage data. An Apple 2 machine is used.

CMG has Mandata for property management: from inputs of property and tenant details, outputs of ledger, cheques to suppliers, remittance advices and an analysis of payments are produced.

In-house system

A similar in-house system for the London Borough of Southwark for lettings work in the housing department has been put in by Real Time Control (RTC).

A significant development for estate agents, however, is PACT (property agents computer *team*), set up by *some* leading agents, by which it is planned to exchange property/client *information* nationwide.

PACT intends to develop interactive mainframe systems in conjunction with BOC Datasolve using the bureau's big IBM machines. Eventually it is intended to develop interactive registers of residential, commercial and agricultural property using in-house terminals, on line to the mainframes, with access available to any member of PACT.

Geoffrey Charlish

New facilities for banks and City institutions

MOST BANKS, insurance companies, building societies and stock brokers would find it difficult to survive today without the use of the computer to operate some aspect of their *businesses. The ever-increasing* pace of transaction and the sheer volume of information which *has to be handled daily* are the major factors behind their use.

*As soon as one company in*stalls a computer, its competitors soon need similar facilities *just to keep pace. Large orga*nisations long ago set up their own computing departments to *operate and develop their main* computing services. Large companies called in consultants dur*ing the design and development* stages, but subsequently the banks' and other city *bodies' staff took control of the* computer.

However, writing new programs to provide specialist services to customers is a very labour-intensive and costly business. There are still many opportunities for computer software consultants to serve the City institutions.

Rival systems

Most companies which provide computing services tend to specialise in one area or *several areas. It is foolish to* develop a program which can merely provide the same faci*lities as a rival's software*. Thus, each company is constantly looking for new services and *ways they can* serve financial organisations.

Comshare, one of the large software services companies, believes that building societies will form an important new sector for its services. It has begun offering a "real-time" service — to carry out front counter work to *allow* transactions to be entered into a central computer — to the *smaller societies which need to* increase automation but cannot afford the investment on their *own account.*

Its system will provide a data terminal which has a special *slot for pass books. The terminal* will print the amount of money entered and/or withdrawn, and *immediately update the files for* the central computer. Previously, only the larger societies *could afford to set up* such a real-time system. Until now, the smaller societies worked on a batch basis, sorting records of transactions by day, to be processed by the computer overnight.

With an on-line system, companies can make enquiries about accounts and make more effective use of the money which is paid in during the day. Comshare says that an on-line system can also cut down the potential number of frauds against building societies.

The company says that about 100 of the smaller- to medium-sized societies in the UK fall into the market for this type of service which has been operating in Australia for some time.

Centre-file, the computer bureau subsidiary of National *Westminster Bank*, is *another* company which provides specialist services to about 80 *building societies* in Britain.

Its service was introduced in 1969 to handle investments and mortgage accounts for building societies of all sizes.

International banking is a very important area which is served by computer companies. Rapid overseas communications and the speedy supply of information is essential in this type of work.

For example, Nordic Bank, an international merchant bank, based in the City of London, *recently adopted a system pro*duced by Arbat, a company which specialises in communi*cations systems for banks*.

Nordic provides international and investment banking services *to customers. In addition,* another important role is the management provision and *syndication of Eurocurrency* finances for particular projects of working capital.

Diversified

Nordic's foreign exchange activities are widely diversified, although the majority of its assets and liabilities are denominated in the U.S. dollar. However, it is one of the few international banks to maintain a regular market in four Scandinavian currencies.

Before 1978, the bank had no on-line system to deal with its transactions, relying on the traditional ledger controls and computer batch processing and the postal system.

The system supports all the bank's foreign exchange dealing, handling the complete accounting and scheduling operations for buying and selling Eurocurrencies, plus fully-automated customer confirmation printing.

Nordic is also able to monitor interest due and paid. With high interest rates and low margins that prevail the prompt settlement of all amounts due is particularly important.

An automatic check on customer drawing against the established limits and predefined facilities is possible on the system. The computer can also tell managers what funds are to return on outstanding loans and when they are due. The bank says this is vital to enable deposited funds to be matched *with loan facilities* and to allow tight control of financial affairs.

Foreign exchange and interest rate information is most important for many of the city *institutions and this* is another specialist area.

Programs are available to *provide detiled analysis and pro*jection of exchange rates so that banks can advise clients *in the light of their access to* the most up-to-date and accurate information. For example, Comshare has developed a program, called Centrex, in conjunction with the Henley Centre for Forecasting. Centrex is part of its overall banking service, called Monita.

But it is not only the banks and building societies which are finding a need for computing services. Insurance brokers have become interested in using programs for financial planning and also "human resources and manpower planning" which seems to be a boon to overburdened personnel departments.

This *facility* is used to keep wage negotiation details, skills of staff, staff costs, and up to 90 more details which personnel departments feel they need.

The provision of information services such as those offered by DataStream for share prices are becoming increasingly important to brokers. It is interesting that such informa*tion providers* are co-operating with computer bureaux which provide the networks on which the data is stored to offer customers a complete package. In the future, this is likely to be an increasing trend.

Elaine Williams

THE ARTS

Television

Question time by CHRIS DUNKLEY

The little resort town of Riva on Lake Garda may not be agog at the news, but inside the *Palazzo dei Congressi* tongues wag with the readiness of steamship passengers' passing on gossip about an illicit shipboard romance. The several hundred programme makers, critics, observers, jurors and academics thronging the palazzo for a fortnight for the 32nd session of the *Prix Italia* have rapidly formed a small discrete—and as usual, enthusiastically indiscreet—society, and while outside it is still wind-surfing and the number of German tourists' cars which are the major talking points, inside it is Peter Willes' resignation from the chairmanship of the dramaturgy.

Since the distinguished former head of plays at Yorkshire Television had actually volunteered originally to take the chair, arguing that his game leg debarred him from the spare time gallivanting in the Dolomites which the jurors from other countries could enjoy and forced him to concentrate exclusively on the programmes, his subsequent resignation did seem particularly remarkable. But not only did his reasons turn out to be quite understandable (if a little saddening) they also form one point of a three-pronged goad urging any *thoughtful* onlooker at this exhibition of world television to consider again the question of what exactly we *think* "television" is. "All things to all men" doesn't really take us very far.

Mr. Willes is reported to have resigned the chair after discovering that none of his fellow jurors could quite accept his strictures about what constitutes "drama" on television today. Having achieved prominence as a producer in the days when he commissioned work from playwrights such as Harold Pinter and the late David Mercer which were then mounted in studio, Peter Willes looked askance at entries for this year's drama prize which in *some instances were made* entirely on film shot on outdoor locations, and in other cases looked more like episodes from series of documentary reconstructions than anything like the old idea of a television play.

For example, the Austrian entry, *German Spring*, actually was an episode from a larger work *(Alpine Saga)* with some resemblance to *Holocaust*. This part illustrated, with admirable disregard for latterday sensibilities, the widespread pro-Nazi sympathy among Austrians *before the Anschluss*. The Japanese entry *A Dream in a Different Key* was, as so often in recent years, a piece of television *sui generis*, concerned with the life and feelings of a young girl piano tuner, using a succession of wonderfully beautiful images and extraordinarily evocative sounds (sometimes only just on the safe side of twee preciousness) to convey mood as much as narrative. Hardly your conventional single play.

So prong number one is the somewhat worn point about the claimed sanctity of the single play and the encroachment of series, serials, mini-blockbusters, and other forms.

Prong number two emerged from the festival's conference called "History in Television" which brought together academic historians and programme makers to discuss the relationship, usually very edgy, between television and history and television and historians. It may be over simple to say that historians habitually accuse programme makers of trivialisation and inaccuracy and that broadcasters respond with impatient mutterings about ivory towers but that is certainly the gist of *the* matter. This meeting divided into two camps with Anglo Saxon broadcasters (and even some historians) on one side seeking to discuss the practicalities of making programmes on historical subjects and a Continental group on the other side keen to talk more about underlying philosophy and theory.

One of the better contributions was the paper delivered by Christopher Ralling, now *Head of Documentaries at the* BBC, who produced *The Search For The Nile, The Fight Against Slavery,* and *The Voyage of Charles Darwin.* He said inter alia: "In our age where reading seems to be on the decline television's power to influence our view of the past is of a quite different order in terms of mass audiences from books, the theatre, or even the cinema. For instance many young people in America today, *and* indeed in Europe, may well have gained a broad impression of the history of the black man in the United States from watching the two series entitled *Roots*, and a majority of them may never inquire further. Until such time as there are as *many television outlets as* there are book publishers this puts a heavy responsibility indeed on programme makers." That passage constitutes the second prong.

Third, though of course not least important, are the programmes themselves. The Prix Italia being the oldest and most respected of the international prize festivals naturally attracts material of relatively high quality. Furthermore, since it offers prizes only for drama, music and documentary and not for light entertainment, news, comedy, sport and so on, it creates a concentration of highbrow material which is quite unrepresentative of any country's actual output.

The first response that one is goaded into making is that such a top-heavy concentration on quality is desirable. For years there has been a strong tendency to condemn as "élitist" or pretentious or even irrelevant any serious consideration of television which does not concern itself with the top-rated programmes attracting tens of millions of viewers. Such condemnation is rarely heard in the case of other media — print, say, or live entertainment — even though the same top heaviness holds good there. Book reviewers are not dismissed as irrelevant élitists just because they write exclusively about high-quality literature and ignore the Mills and Boon paperback romances which constitute the book market's "high ratings." It is rarely suggested in theatrical circles that more time at drama *festivals should* be given to the strip and drag shows which are seen by more people than will ever watch Chekhov.

If television is not to become simply an Orwellian pap dispenser to the admass, then we must not only accept but encourage discussion devoted exclusively to the highbrow end *of the business. One* of the most admirable preoccupations inside the industry will, of course, *continue to be the problem of* making supposedly highbrow material more widely accessible, but that must still remain secondary; those walking point (as they used to say in Vietnam) up at the front end and pushing things forward must have the greatest consideration, protection and encouragement.

The next point is closely associated: *that we must* resist being mesmerised by sheer numbers and, in that condition, reaching dangerously restrictive conclusions about television. There is much to be said for Ralling's note of caution regarding television's capacity to influence. *Yet it should also be* said that—staying with his example—if *Roots* as a result of the techniques it uses to reach a large audience conveys a slightly imprecise or even somewhat misleading impression of the history of the black man in the U.S., that is still better than the alternative for many millions which is *not* an accurate impression from a book but simply no impression at all. (And not because people have stopped reading owing to television but because the people in question never did read on such subjects.) It would of course be ideal to have as large a range of television treatments of the subject as there is in print—though for all its multiplicity print is still not infallible.

Returning finally, for the moment anyway, to the original query about what television is, we are left after the first week of programmes at this festival with the realisation that it is as multifarious as ever and even more so. It still acts as a relay for material originating elsewhere (East Germany's version of Britten's *War Requiem* which intercuts pictures of the performers with archive footage of the war, or Norway's puppet theatre version of Bartok's *Miraculou Mandarin*). It still gives us studio drama which could be inside a proscenium arch (Sweden's piece about the female Lord Haw Haw, Axis Sally, thinly disguised as *Mary Lou*, powerfully played by *Harriet Andersson*). *And on* rare occasions it can even combine several established art forms to convey *a strong opinion* (West Germany's music/poetry/picture mélange *Elegies on the Deaths of Three Spanish Poets* with virtuoso direction by Christopher Nupen).

But anybody who has been attending the Prix Italia for 10 *years or more can look* back now and see that slowly television *is* growing up and developing its own forms too. Japan's lyrical impressionism is one (used also by RTE of Ireland this year in *The Revenant* which combines music, recitative, and photographic images). Holland's co-operatively developed drama about cancer patients *In for Treatment* (reminiscent of Britain's *Through the Night*) exemplifies another.

Yet the most significant is surely precisely the amalgam of drama and history that is contained in such series as *Darwin, Roots* and—as it now turns out—Austria's impressive *Alpine Saga*. Like any new form it owes *debts to previous work outside* its own medium, but unlike the conventional single play it is *not just an old form borrowed* from another medium. It is something of television's own. Hence the poignancy of Mr. Willes' resignation.

Sachiyo Nakao in 'A Dream in a Different Key' (NHK Japan)

Lyric Studio, Hammersmith

Loot by B. A. YOUNG

If I say that Loot is a play that doesn't wear well, I don't mean that it's any less funny *now than it was in 1966* or 1975. I've seen it four times and read it as often, so sometimes the quality of the writing seemed on Monday more studied than it seemed when it wore its pristine freshness; but I laughed a good deal, and most of the audience laughed ceaselessly. I admired the quality of the writing as much as ever, though occasionally it seems to me that a joke is given an extra tap of the hammer after it has been adequately driven home. There is an extra problem, however.

The story concerns the investigation of a bank robbery by two young men (played at Hammersmith by Rory Edwards and Philip Martin Brown, neither of whom has the necessary look of innocent youth, though they play it well enough). In the course of interrogations, carried out with brutality and deceit, a murder turns up. But when the missing money has been found *and the murderess has* confessed her guilt, the detective compounds with the two young *men not to proceed against them* if he can have his share of the loot, and instead of arresting the murderess he arrests the husband of her victim, who knows too much. The young men can provide false evidence, and anyway "An accidental death can always be arranged."

Now in the 1960s, the heyday of black comedy, all this seemed hilarious. Today we hear daily of dishonesty in the police, of brutality in interrogation, even of the disturbingly large number of deaths in custody. What was satire in the 1960s is alarmingly like reporting in the 1980s.

Well, many a good comedy *has been made from unsavoury* matter, several of them by Joe Orton, and there is no doubt that *Loot* is an ingeniously constructed play, written in that allusive, semi-literary style that came naturally to him from the start of his career. ("That's how they talk," he once said when asked where the style came from.) He can get as much weight from a single "Yes" or "No" as from a neo-Wildean epigram or a long speech. When McLeavy, the unhappy widower (nicely played by Neil McCarthy) *tells of the accident* on the way to his wife's funeral, he tells it in perfect provincial *journalese*. When Fay, the murderess, makes her confession, she does so in the language of a court reporter.

Joan Blackham plays Fay very prettily, blending the charm that has won her eight rich, and deceased, husbands in 10 years with a frank avowal of her total dishonesty. Truscott, *the* detective, is played by John Malcolm as a stereotype plain-clothes man, which is what the text deliberately makes him. He does it well, but *too* loud, so that the echo in this little theatre sometimes blurs his words. His may be taken as an authentic rendering, for this was the part Kenneth Williams played in the first (unsuccessful) production of the play, under the author's eye; and Kenneth Williams is the director here.

Leonard Burt

Joan Blackham, Neil McCarthy, Rory Edwards and Philip Martin Brown

Grand Opera House, Belfast

Reopening Gala by ELIZABETH FORBES

Another splendid theatre designed by Frank Matcham, restored to its former glory, reopened on Monday night with a Gala variety performance. The Grand Opera House, Belfast, first opened its doors in December 1895 for a pantomime, *Bluebeard, or Is Marriage a Failure?* For seven decades the house offered a varied theatrical fare; by the late 1960s its main use was as a cinema, and in 1972 the lights went out, not to be relit until this week.

The public benefactor who has had Matcham's theatre so lovingly recreated is the Arts Council of Northern Ireland, *who, with Government aid,* acquired the building in 1976 and now run it through a special trust. The restoration work cost nearly £3m — not, these days, an enormous sum. The front of the house has retained its turn-of-the-century atmosphere, apart from new and very comfortable seating for 1,000 people (the theatre originally held over twice that number) and a new crush bar built over the *entrance. The stage* and backstage area are fitted with the latest '80s technology.

One's first impression on entering the cream, gold and crimson auditorium is of a baroque magnificence. Heavier in style than Matcham's interiors for either the Theatre Royal, Glasgow, or the Buxton Opera House, the Belfast Grand *Opera has an oriental flavour*, enhanced by the elephant heads, one on either side of the stage boxes, and the many-armed god (or goddess) on the front of those boxes. Robert McKinsty, the architect responsible for the restoration, has managed to retain both the excellent acoustics, clear but not at all dry, and the very close link between stage and audience, another characteristic *Matcham* virtue.

The opening Gala, attended by Mr. Humphrey Atkins, Secretary of State for Northern Ireland, and Lord Elton, Minister for the Department of Education, naturally favoured artists from the Province. The Ulster Orchestra, conducted by Havelock Nelson, occupied the good-sized pit. Heather Harper, in fine voice, sang arias by Mozart, Puccini and Verdi, while Mary Gilmore and Uel Deane gave a selection from Wallace's *Maritana*.

Denys Hawthorne, with superb gravity, recited "The *Green Eye of the Little Yellow* God" to piano accompaniment.

And what about "After the Gala Opening?" The theatre is booked for several months ahead with variety, drama, opera, ballet and a Christmas pantomime. But the expected subsidy has failed to materialise. Dr. Worrall, Chairman of the Arts Council of Northern Ireland, addressing part of his opening speech directly at the two Ministers, said the trust was informed only a month ago that "because *of the massive redeployment of* public finance the subsidy for the time being would have to be found from the Arts Council's current resources."

Apollo Victoria

Shirley Bassey

Shirley Bassey belongs to that small coterie of entertainers *which gets a standing* ovation and the contents of a flower shop just by tottering on to the stage. She was, then, the ideal performer to ensure that *the refurbished* Apollo at Victoria received a rousing start as a very welcome new addition to the London concert scene.

Compared with previous occasions, when she went over the top more regularly than the front line at the Somme, this was a restrained Miss Bassey. Perhaps the trouble with her dress depressed her. Apparently the zip broke and her dress-maker received constant stick during the performance—"the beads are expensive but the zips are cheap," she complained. The alternative, although cut to show her coccyx, gave her rather a Michelin man look round the front. Nevertheless nothing she *did, or did not do*, could fail to enthrall her fans who stretch democratically from well-preserved *gentlemen* in bright velvet jackets to middle-aged mums.

But this time fewer songs were hijacked, tortured around her tonsils and then roared, formless, into the dark. True, while singing "Natalie," the copybook French ballad, she had to leave the stage, choked with emotion, and returned wiping tears from her eyes, but in the main she actually sang the numbers, avoiding old standbys like "Big Spender" and "Goldfinger," which gave her the chance to flaunt and posture. Most of the songs are still as unreal as a clockwork orange but for the first time I appreciated that if she ever raised her sights and attacked the better composers of her type of singing — Brel, say, or Weill — *Shirley Bassey might be capable* of more than just fulfilling the fantasies of her public. However they seemed *happy* enough spending up to £15.50 for an hour of the best ham.

ANTONY THORNCROFT

Festival Hall

London Schools Symphony

The recovery a few years ago of a set of parts for Maxwell Davies's *Five Klee Pictures*, thought lost, was fortunate indeed for the youth orchestra repertoire. It would not be an exaggeration to describe it as the most artistically substantial purpose-written contribution there has been.

Monday night's performance under John Carewe was precise and imaginative. (The orchestra is, I understand, soon to record the piece; only minimal tidying ought to be necessary to achieve definitiveness.) The care for accuracy with which the players manifestly addressed their parts, making *each line pointful* even when there were blemishes, was quite an education.

The third picture, *The Twittering Machine*, had a fine slickness; the jazz improvisation was natural and inventive. The extraordinary vignette of an anguished Mahler adagio, *Stained-Glass Saint*, into which it very effectively leads (the ordering of the five items and a peculiar "bending of time" consequent upon it is remarkably subtle) unfolded *with pungent* clarity despite a missed bar; the mocking nightingale solo which abruptly curtails it, bends it disturbingly out of shape, did *not though reduce from loud to* soft as indicated.

The conductor's 16-year-old daughter, Anna Carewe, acquitted herself marvellously in Elgar's Cello concerto. It was a gently-paced reading throughout, balanced outstandingly well. The lower strings took up the last note of the soloist's opening recitative with a lovely pure tone—and an attractive thinness of sound along with almost clipped disci*pline of* execution remained the dominant characteristics of the orchestra here and in Bruckner's Fourth Symphony.

PAUL DRIVER

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Wednesday September 17 1980

Competition in the air

FACED WITH serious cash-flow problems and a pre-tax loss of £17m in the first four months of the financial year, British Airways has announced a major programme of asset sales, service cuts and other cost reductions. BA's declining fortunes—last year it made a £42m profit in the same period—reflect the serious financial predicament of the whole of the world's aviation industry. Airlines in many countries are now making big losses and even last year, before the full effects of recession and energy price increases made themselves felt, the total profits of the world's scheduled carriers amounted to only $700m, or less than 1 per cent of operating revenues. In the U.S. seven of the biggest ten airlines failed to pay a dividend to their shareholders in the first quarter.

Controversy

The airlines' financial difficulties are bound to have an effect on the balance of opinion among aviation authorities on the controversial question of reducing regulation and increasing competition. The director-general of the airlines' trade association, IATA, has recently stated the airlines' case against the de-regulation cause, championed by the Carter Administration in the U.S., quite bluntly: "This is a time for brutal financial realities . . . not idealistic, theoretical and too often politically motivated economic hogwash."

In Britain, the Civil Aviation Authority has already adopted a much more cautious approach to licensing new carriers for routes which could become highly competitive than the Trade Secretary's liberal economic preferences had led some observers to expect. While British Airways is now officially no longer a nationalised industry, the Government must still be extremely concerned about its losses, since, under the present circumstances, it would be difficult if not impossible to offer its shares for sale to private investors. It is to be hoped, however, that neither the British Government nor the world's other aviation authorities will be unduly swayed by the airlines' current financial performance in deciding on freer competitions in air travel.

It is important to separate quite clearly the two causes of the airlines' problems: competition and recession. And it is to the credit of Mr. Ross Stainton, British Airways' chairman, that in his statement this week he put more stress on the effects of rising oil prices and the declining rate of growth in air travel than on the costs of the trans-Atlantic price war. Indeed, BA's financial retrenchment has not prevented the airline from cutting its stand-by fare from London to New York to below the level offered by Laker.

Fuel costs

Nothing that has happened so far either in the trans-Atlantic market or on American domestic routes indicates that freer competition in the air is incompatible with a reasonably profitable airline industry. Of course, strict regulation and protection from competitive forces could have cushioned the traumatic effect of a quadrupling in fuel costs and a collapse in traffic growth from 10 per cent in 1980 to less than 5 per cent this year.

The tendency of regulators in America, to resist price increases due to rising costs, while otherwise advocating greater pricing freedom has needlessly exacerbated the fuel cost problem. But the experience of the past few years shows generally that the gains to consumers from freer competition are considerable. The success of some of the independent airlines also suggest that there is no intrinsic reason why airlines need more protection from competition and financial risks than any other industry.

Productivity

Of course the initial period of adjustment to competition was bound to have been uncomfortable for many airlines even without the blow which they have now sustained as a result of the recession. BA, like many of the other European airlines, is now having to streamline its operations so as to be able to match the efficiency and productivity of the new smaller competitors. In the U.S. a significant shakeout of labour and surplus capacity has already occurred. These changes may sometimes be painful, but they should be seen as signs that the policy of freer competition is working, not failing, in its ultimate objective: to provide a cheaper and more efficient service to the consumer. It is high time for the European authorities to follow the example set in America and let competition serve the air travellers of Europe.

The plebiscite in Chile

ON THE face of it the published result of the plebiscite held in Chile last Thursday on the proposed new constitution should be taken as a major vote of confidence in the government of General Augusto Pinochet. After seven years in office during which the people of Chile had to face particular hardships, 67.5 per cent of them were seen to be voting for the continuing rule of the Genera. Indeed, they were seen to be giving him the option of ruling nearly to the end of the century. Seven years after the coup through which he came to power more than two-thirds of all Chileans are said to be keen for a decade or more of extended military government.

The result of the vote is being put forward by the authorities in Santiago as a victory of democracy over Marxism. "We have demonstrated to the world how democratic this country is. Today we have given the world a lesson," the General told his supporters as the results were published.

Opponents

The reality of the situation in Chile is however not as General Pinochet has presented it. It is doubtful whether he will have convinced many outside his country's borders that real democracy is flourishing there. As the Council of Europe declared on the day of the poll, the voting results should not be taken as any indication of the people's will.

The plebiscite was irredeemably vitiated from the start. The opponents of the new constitution were never at any time allowed to express their opinions about the document or put them to the electorate. Nor were they allowed to organise. When they did, their efforts were broken up by main force. Even if they had been given freedom to organise before polling day, it is extremely doubtful if they would have had a chance of beating General Pinochet's system when it came to the vote.

Earlier in his rule the General decreed the destruction of the voting register, and since then there have been no efforts to create a new one. The poll was supervised by officials, all of whom owed their position to him. The mechanics of casting a vote were, to put it mildly, unorthodox. It was for all these reasons that the Catholic church dismissed the plebiscite as valueless weeks before it took place.

As a consequence of domestic and foreign criticism of the plebiscite, it could well be that the staging of it could weaken rather than strengthen the General's position.

Abroad, the empty nature of the poll will remind those who take no more than a passing interest in Chilean affairs that democracy is not alive in Chile.

Within Chile, Thursday's voting must only serve to increase the resolve of those who are now openly challenging his rule. The Chilean opposition has graduated from the early days of military rule, just after the 1973 coup, when it consisted of a few disoriented politicians of Socialist, Communist or Radical persuasion. This diverse group, imprisoned or persecuted in Chile or exiled to the four winds abroad, appeared to spend as much time quarrelling among themselves as they did quarrelling with General Pinochet. Their position was often complicated by far left guerrilla groups which tried unsuccessfully to challenge the military with armed action.

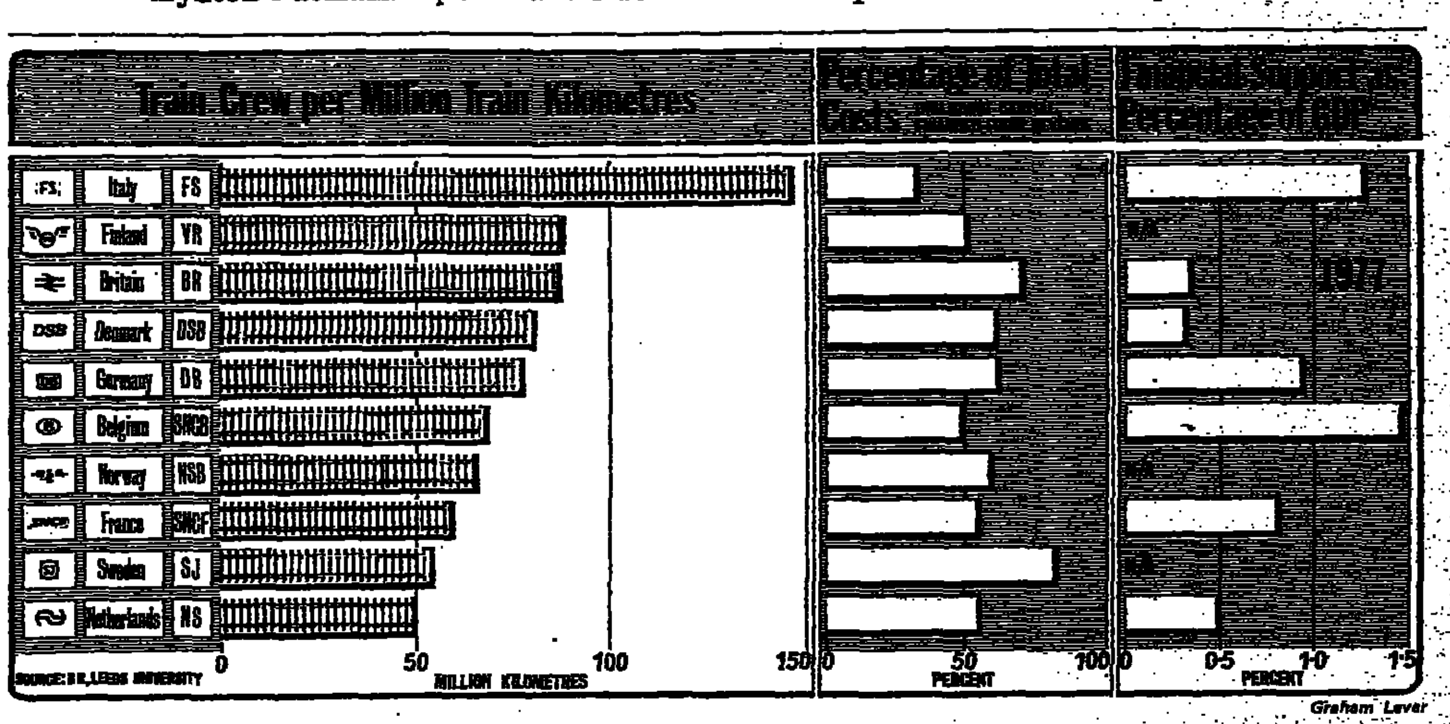
Programme

Today the opposition is strong and confident and centres round a man of undoubted ability who is well known and respected abroad, the former Christian Democratic President Eduardo Frei. His party was for decades the biggest in Chile commanding the loyalties of perhaps one-third of all Chilean adults. For the moment he can count on the support of large numbers of Chileans who once supported the late President Salvador Allende but who today see little prospect of political advance with the remnants of Allende's Popular Unity coalition.

The programme put forward by Sr. Frei is cautious and reasonable, suggesting as it does the immediate formation of a provisional government of civilian and military figures which could take Chile back to the road of parliamentary democracy. The plebiscite is over. It has not necessarily resolved Chile's future.

Why BR finds its signals set at red

Lynton McLain reports on British Rail's attempts to solve its cash problems



Graham Lever

THE TINY teredo shipworm is proving an unlikely ally for British Rail.

As railway chiefs tussle with the Government about finance, fearful of passenger anger this winter over high fares and the fading quality of the network, the shipworm has highlighted one aspect of British Rail's current problems in a spectacular way.

Thousands of the creatures have bored their way steadily through the wooden supports of the 113-year-old viaduct over the Mawddach estuary in rural Wales. They have been so successful that BR now needs £2.5m to stop the 2,253 ft long structure from falling into the sands below.

But, says Sir Peter Parker, chairman of the board, there is "no way" that BR can now find the money from its own resources to repair the viaduct.

In the past he would have turned to the Transport Department for help. But now BR can expect very little assistance from this source as it tries to come to terms with the stringent cash limits imposed by the Thatcher Government.

The refusal to relax these has led to the unusual situation of a state-owned concern actively fighting a propaganda battle with its own masters—the Government—in a series of advertisements. These argue that BR must have more money if it is to do its job properly.

It may prove to be a long war. The Government shows no signs of relenting and has counter-attacked, albeit more discreetly, by suggesting that it is time for BR to put its house in order.

For Britain's railway network faces a formidable set of problems. Some of these are outside BR's control. The recession and the steel strike have already played havoc with revenue forecasts this year and receipts are expected to be down by £70m. The maintenance bill is a legacy of years of under-investment and of the fact that Britain's rail system is increasingly showing its age.

But on the central issue of productivity, in a system where wages accounted for 57 per cent of BR's £2.25bn operating expenses last year, BR is on less firm ground.

Since 1974 improvements in output per man have been meagre, averaging only 0.964 per cent a year. The size of the labour force has been virtually unchanged (at 182,301 in January 1980) for the past three years—BR's 1976 forecast that by this year 40,000 jobs would have been cut now looks somewhat hollow.

Thus, BR now seems almost certain to overshoot its external financial limit by March next year. The limit has been set at £750m for 1980-81 (made up of £661m of Government grants and £89m of net borrowing, issues of public dividend capital and leasing). Without emergency action by BR to cut its costs, new Government figures show that the Board will end the current financial year £114m over this limit.

BR's latest estimate, after taking account of the rail fare increases due to be announced later this week, and the current programme of emergency action which will save £45m, suggests that it will over-shoot the limit by £68m to £69m.

This emergency programme includes a £9m sale of assets, mainly in property, over and above those planned for the year and a £16m cut in investment. A further £20m is expected to be saved from a cut in the mileage operated by freight trains; from the impact of the BR "ceiling" on recruitment and from tighter control of running costs including tighter stock control.

BR may argue that most of the over-shoot is accounted for by factors beyond its control, but it agrees that the 20 per cent wage deal in May (which added £44m to labour costs) is its responsibility. It says that it accepted this largely on the basis of union promises to talk about the productivity improvements which were essential if some return for the high extra costs was to be achieved.

Progress so far has been slow. In the first full year—by May 5 next year, the anniversary of the 20 per cent settlement—BR expects to have saved £18m in costs and "eliminated" 1,200 jobs.

No one ever expected the rate of improvement in the 1960s to continue (between 1963 and 1969, after the Beeching cuts, output per man rose by 35 per cent). But the 1 per cent improvement in productivity between 1969 and 1974 is a very marked contrast.

The arrival of Sir Peter Parker as chairman in 1976 ushered in improvements in output of a little less than 2.7 per cent for each of the years 1977 and 1978. But last year, the improvement slipped back and annual output per worker rose by 2.14 per cent to 147.8 passenger miles and net tonne miles.

At the same time, the revenue for every £1,000 of paybill costs fell by almost 4 per cent compared with rises of around 10 per cent in 1976 and 1977. The fall almost wiped out the improvement in performance recorded in 1978 and came despite a rise of almost 10 per cent in the average level of fares per passenger mile.

This sombre picture is unlikely to change this year unless BR makes substantial and immediate progress with its talks with the rail unions about talks about productivity. Mr. Clifford Rose, the BR board member for personnel says the board is making "good progress" in implementing productivity schemes. But the board is still not satisfied.

The forecast saving of £18m by the end of the year from the first stage of productivity improvements is expected to come from "super good housekeeping"—the rationalisation of working practices and hours in the local operation of the railways.

This improved housekeeping involves, for example, cutting one eight-hour shift from the daily operation of the 38 wagon marshalling yards. This would save between 12 and 15 jobs in each case, Mr. Rose said. By the end of the financial year, schemes like this are expected to have cut 3,000 jobs.

But BR says that the areas for major improvement—which could save tens of millions of pounds a year—are still only at the stage of themes to be "picked up and developed with the unions." These include administration costs (up 3.6 per cent in 1979), the loss-making freight business, and the hopelessly inefficient "collection and delivery" parcels service. This alone was expected to cost £80m to run this year in return for a revenue of only £40m.

Options now being considered by the BR board include the scrapping of this parcels activity and the phasing out completely of most or all of the 458 rail freight terminals and 38 wagon marshalling yards. Rail freight would be rationalised and based mainly on the Speedlink service of scheduled freight trains to be run as a computer-controlled equivalent of the passenger business.

Administration cuts could save 4,000 to 5,000 jobs, according to BR. Changes in working practices to allow more flexibility, particularly for train drivers, could save up to £90m a year. But BR is faced with the problem of disagreement among the three rail unions about the proposals. Little progress is expected until the unions agree among themselves.

While BR embarks on its tussle with the unions over productivity, it wants the Governmen to stop treating each year as an inflexible unit.

It hopes to be allowed to draw on the balance of money from its public service obligation grant — used to fund socially essential rail services—not used in previous years. In particular, it wants access to the £147m it has underspent over the past four years.

In addition, it is likely to need a substantial injection of extra investment money over and above the £277m a year earmarked between now and 1984 to cope with the major locomotive and rolling stock replacement programme due in about 1984, when the assets bought in the change from steam to diesel and electric power in the late 1950s and early 1960s will be worn out.

The Government response is that all new rail investment must be justified by BR's commercial performance. Officials claim that BR's previous traffic forecasts for the volume of extra Inter-City passenger traffic expected to be generated from new investment have been widely optimistic. This is why, they say, the Government sanctioned only 18 new high speed trains when BR ordered 32 for the North-East to South-West route.

But the Transport Department produces no figures to support this claim and British Rail responds by saying that Government suggestions that its passenger figures were over-optimistic were "rubbish." However it, too, has failed to produce any figures to show how its past forecasts had been matched by passenger growth.

In the current depressed economic climate, with freight and rail passenger volume falling away, BR is certainly facing one of its most testing periods. The board is not complacent about the progress made so far towards raising productivity. It wants to negotiate the changes with the unions in an amicable way. But it also recognises that it has got to get these changes started this year. As Mr. Rose said: "If that means going through a more difficult route than negotiation, so be it."

A low wage, high price railway

IT MAY come as a surprise to some of its customers, but British Rail compares reasonably well, in some operational areas at least, with other European railways.

What is less surprising is that BR pales demonstrably in comparisons of a wide range of other aspects of performance.

One of the most telling features of a recent study of European rail systems is that BR turns out to be a "low wage railway" even in relation to other UK industrial wages; that BR labour productivity per man is above average; that the hours worked per man on BR are "much longer"—25 per cent more—than on the other eight European rail systems studied and that BR has the "lowest investment" on a comparative basis of any of the European rail systems studied.

Passengers, however, will not be surprised to learn that British Rail is a "high-priced railway" in terms of ticket prices as a proportion of disposable income. Passenger traffic in Britain has in recent years been at a higher level than would otherwise have been expected with the high fares, largely because of BR's very successful marketing campaigns. (In 1979 BR actually carried more passengers than before the Beeching cuts.)

One area where BR is well up with other European rail systems is the extent to which its operations are self-financed. The only railway with a better performance in 1977, the year covered by the study, was Swedish Railways. It alone achieved higher revenue per train kilometre (a measure of train use) and a lower level of cost per train kilometre, than BR.

British Rail covered just over 70 per cent of its costs from receipts in 1977, Swedish Railways covered over 83 per cent, compared with 50.2 per cent for Finnish Rail, 55.3 per cent for SNCF (French Rail) and 61.2 per cent for West Germany.

However, although overall productivity in British Rail is above average for European railways, among groups of BR workers it varied from the best to the worst in Europe.

In particular, freight train crew productivity on BR was worse than any other country except Italy.

The study notes, rather disarmingly, that the reason for this low BR freight train crew productivity is "too many people on the train." BR still retains guards and firemen as well as drivers, and this overmanning is at the heart of current productivity talks with the rail unions.

Also, BR employs a "very high" number of station terminal staff on its London inner suburban services compared with the practice in other European capital cities and also with other BR passenger sectors.

BR was also criticised for operating a large number of carriages per train in relation to average passenger levels. BR has already cut the size of trains this year as part of its 5 per cent reduction in services to cope with the recession and the absence of higher subsidies.

But the level of Government financial support for BR fell by 13 per cent in the two years up to 1977. Elsewhere in Europe, only two of the other railways studied reported falls in the level of Government support and in one, Italian Railways, support fell only for one of the years. Denmark's subsidies fell about 8 per cent over the period.

In all the other countries, Government support increased, with the Netherlands leading the league table with a 31.4 per cent rise in real terms.

In France, support for the SNCF increased between 1975 and 1977 by 23.5 per cent in real terms and in West Germany it rose almost 7 per cent in real terms.

* "A Comparative Study of European Rail Performance," March, 1980. Institute for Transport Studies, Leeds University and the British Railways Board.

Part of a recent British Rail advertisement.

MEN AND MATTERS

Bike push

This has been a busy week for Huffy Corporation, the U.S. bicycle maker. In London to launch the company's first debt issue overseas, president Harry Shaw has laid a strong claim to wear the industry's yellow jersey, and even now his sales teams are tucking their trousers into their socks to launch Huffy's first venture into the export market.

Last year's output of 3.9m cycles, boasts Shaw, has finally toppled Raleigh from the top spot in the world production league. And he is marking the occasion with a strong showing at the Cologne Cycle Fair this week where his pedal-powered sales offensive will spread throughout Europe.

A substantial slice of the Huffy issue, in the form of a $10m convertible debenture, will go to pay for a factory recently opened in Oklahoma which can turn out 1m bikes a year, and will provide much of the stock for overseas sales.

As if to add to Tube Investments' discomfiture, the new factory is within cycling distance of a plant opened by Raleigh in 1973 which is now used for other TI engineering purposes. Raleigh's U.S. prospects suffered when the market sustained a puncture in 1974, but the well-established Huffy pedalled resolutely on into the brighter seasons since, confident that sales in the U.S. will maintain their astonishing record of doubling over each decade since the 1920s.

"May a thousand branches bloom!"

reported disappointedly that both his workers and neighbouring farmers showed much prejudice against it.

Hampden tells me proudly that he has spent nearly two years preparing his great-great-grandpa's correspondence for publication—and sale to the trippers who since last year have been paying to look over the family seat at Glynde—and the lessons in thrift learned by his distinguished ancestor seem to have been passed along the line, he even tapped out the manuscript himself. "I learned how to type at Lazards," he explains modestly.

lems in the late 1800s comes in a bundle of family letters unearthed by Viscount Hampden, of stockbroker Hoare Govett.

Central figure in the tireless exchange of correspondence is Henry Brand, the first Viscount, Liberal Chief Whip and later Speaker of the Commons, a prudent man with pence let alone pounds.

Henry learned how to live, with four servants, in London on £5 a week while his father built up the family finances through transactions in Australian bank shares from a base in Nice.

But it was as an older man, having wisely married off his favourite daughter to the founder of stockbroker de Zoete Bevan, that Henry was confronted with the wages problem. Reflecting on the rising pay claims, he said: "My opinion is that we shall not have a satisfactory settlement . . . until the labourer receives a share, however small, in the profits of the business." He experimented on his own farm labourers 2½ per cent plus on any £5 they gave him to invest in the farm—and

Penny wise

It may provide some solace for the Cabinet tomorrow to know that the country's economic problems seemed just as intractable a century ago. Ministers may even draw more comfort from the fact that one of the remedies constantly urged upon them now was tried then . . . and failed.

A glimpse of monetary prob-

Sporting life

The natural reaction of many people meeting Jim Slater for the first time, I suppose, would be to ask for a share tip. The thought, I confess, flickered in the back of my mind as the train clattered to Wimbledon. My motive, however, was to discover how the man whose name 10 years ago adorned a colossus is coping with today's more modest edifices, like his privately-owned company, Strongmead.

That, he tells me presents no problems. "I run it on my thumb," he adds airily. "The week before last I went fishing with my daughter. Twice last week, I played tennis. On Saturday I took the kids to see Airplane. Sunday I went to the Federation of Children's Book Clubs. I couldn't do that before. I prefer it this way."

One rise and fall, it seems, is enough for this most vigorous wheeler-dealer turned children's author. His life now runs to a well-ordered, relaxed timetable.

Fruitlessly scanning the lush carpet and the man for bare threads, I ventured to suggest that the past few years had not been altogether cruel. By way of reply he happily recalled a judgment passed on him in more volatile days. If he had stuck to having one phone and dealing in shares, someone once said, he would be very successful.

I edged in for a little more detail on the Slater stock market method. "I tend to hit them very hard. And you don't have to do that very often." Among the hits have been Gulfstream (up tenfold) and Siebens (up threefold). "You only have to have five ideas of that nature," he observes coolly. "It doesn't require a great deal of effort, and it is not very people-intensive."

Reflecting philosophically in homespun style, Slater avers that "the early deals are the ones you savour. Building something from nothing is much more challenging than something from something." And yet, he adds: "I have no hankering for the past." Does that explain, I ask, his conspicuous absence from the annual knees-up of the Slater-Walker old boys' club in a City wine bar? "I might," he smiles indulgently, "inhibit them. I might inhibit their enjoyment. Off with old, on with the new."

Striking it rich

It seems to me that all you have to do to make the City sit up and pay attention these days is to pop your head round the corner of Throgmorton Street and shout: "Oil!" So I am pleased to detect signs of healthy scepticism in a reader's report of a conversation with his broker this week. Curious about the doings of one of the plethora of oil companies which has been putting its name about recently, he asked if a certain prospector had started drilling yet.

"Oh, yes," replied the broker, "and rumour has it they've struck gold."

"But I thought they were looking for oil?"

"Mmm, but you know these rumours about these companies. They are probably only drilling the chairman's teeth."

Observer

THE STRATEGIC BALANCE

U.S. narrows its choice of targets

IAN DAVIDSON examines how a shift in U.S. defence policy will affect the nuclear balance between the two super powers and asks if Washington is not leaning towards the Russian doctrine that nuclear wars can be won.

A FEW WEEKS ago Mr. Harold Brown, U.S. Defence Secretary, detonated a small politico-diplomatic bomb. At the Naval War College in Newport (Rhode Island), he announced a shift in American nuclear targeting strategy, under which the U.S. strategic arsenal was being aimed increasingly at military and political objectives in the Soviet Union, and less exclusively at "soft" economic and civilian targets.

The full ramifications of the shift in strategy have yet to be measured, but the speech inevitably raises profound questions about the state of the military balance between the two superpowers.

Early leaks about the shift, which are incorporated in the still-secret Presidential Directive 59, provoked an immediatae denunciation in Pravda, with a further denunciation from President Leonid Brezhnev at the end of August.

The Americans say the purpose of the new targeting strategy is to broaden the President's options, so as to enable him to make selective and limited strikes against selective and limited targets, rather than rely solely on the threat of massive destruction. But the Soviet Press has accused the U.S. of preparing for a pre-emptive strike capability against the Soviet Union, and has claimed that a selective strike doctrine, when coupled with the NATO decision to upgrade the theatre nuclear weapons on this side of the Atlantic, amounts to a strategy which is designed to ensure *that any nuclear war would be* largely confined to Europe.

Some Western professionals in the arcane world of strategic analysis tend to downplay both the novelty and the significance of the "new" targeting doctrine. After all, they say, it is a long time since America moved away from the all-or-nothing policy of massive deterrence, once known as Mutually Assured Destruction (MAD).

A more selective policy, known as flexible response, was formulated by James Schlesinger, a previous Defence Secretary, as long ago as 1974, and it is said that the American targeting plan encompassed as many as 40,000 distinct targets even before the adoption of PD 59.

The new directive may indeed represent a further refinement of the policy of flexible response (as Mr. Brown says), but the primary significance of his speech, according to this view, was electoral rather than strategic: to show that President Carter could not be accused by Ronald Reagan of neglecting the problems of defending America against the perceived dangers of Russian aggression.

There is something to be said for taking a cool view of the "new" American doctrine, and *one certainly does not need to* agree with the Russians or even *to believe that they mean what* they say. But it may be worth *asking whether the logical ex*tension of the policy of flexible response may not in fact be taking (if it has not already *taken) the U.S. down a road* which converges with the Soviet doctrine of war-fighting with strategic weapons.

The object of flexible response is to maintain the credibility of the deterrent, by being able to respond to any Soviet attack, however small or large, and thus not be left (if deterrence should fail) with the agonising choice between surrender and suicide. The corollary is that if selective targeting makes a nuclear exchange less horrific, it may also make it more possible.

Unfortunately, there are difficulties in knowing what Soviet military doctrine really is. On the one hand, there is incontrovertible evidence going back many years of a massive increase in Soviet military capability, at every level and in every element. Some take this as evidence of aggressive intentions, and they point to the invasion of Afghanistan as confirmation of this interpretation.

*Pointing in the same direc*tion is the evidence of Soviet *military manuals and strategy* textbooks, which clearly set out *the goal of winning* any war which breaks out, whether con*ventional or nuclear or both*, whereas deterrence as such appears to have no explicit place in Soviet doctrine.

The central text in this controversy is *Military Strategy* by *Marshall Vasily Sokolovski*, who served as Soviet Chief of Staff in the 1950s, and whose book first appeared almost 20 years ago. *Discussing* the use of nuclear missiles he says: "The basic aim of this type of operation is to undermine the military power of the enemy by eliminating the nuclear means of fighting and formations of the armed forces, and eliminating the military-economic potential by destroying the economic foundations of the war, and by disrupting governmental and military control." Here and elsewhere in his book Sokolovski certainly seems to be propounding a doctrine for fighting and winning a war with *nuclear weapons*.

It is therefore doubly ironic that the new American targeting strategy was denounced earlier this month on Soviet radio in the following terms: "*The [U.S.] aim is no longer* just to demonstrate, by a few nuclear strikes, [*their*] readiness to escalate a nuclear conflict. *The aim now is different*: to wage nuclear war actively, *even to achieve victory in it*, by destroying the military strength, *industrial* base, and *system of* military command and political *rule in the Soviet Union*."

Some Western analysts argue that while "deterrence" as such may have no place in the Soviet strategic lexicon, the Soviet Union is probably just as anxious to avoid a nuclear holocaust as anyone else. From this point of view, their war-fighting doctrine may be construed as deterrence by another route, an attempt to ensure — and to signal to the West—that no putative aggression by the West could possibly succeed, but would be bound to be defeated.

According to Michael McGwire of the Brookings Insti*tute, in a recent issue of Survival*, the crucial distinction between the two sets of doctrines lies in the familiar Western notion *that* if the deterrent has to be used, it will have *failed*: "*The Soviet* Union does not entertain such ideas: should war come, her defence will have failed only if her armed forces are unable to recover, and achieve final victory." But this does not imply that the Soviet Union would willingly embark on general nuclear war with the West: "The prevention and avoidance of world war is a prime objective of Soviet foreign policy."

The paradox, though it is more apparent *than real*, is that the aggressiveness of Soviet doctrine dates back to a period when the Soviet Union was still trying to catch up with the U.S. in strategic nuclear weapons; the *ferocity of language* was designed to compensate for *shortcomings in capability*, whereas the Americans did not *feel the need* to think through the consequences of a failure of deterrence.

Now the wheel has come full circle. The Russians have at least caught up with the Americans —according to Harold Brown, the Soviet Union is on the verge *of* being able to threaten the survival of the American Minuteman force of Intercontinental Ballistic Missiles (ICBMs), and may even have that capability now. As a result, the Americans have belatedly started taking some notice of the Soviet war-fighting doctrines, and in PD 59 have formulated a *new* tougher doctrine.

While it is difficult to be sure *what the Russians really think* about all this, they have been *sufficiently perturbed to try to* persuade the Americans that *Soviet military doctrine* has been misinterpreted. In an *interview with the New York* Times last month, General *Milshtein of the Moscow Insti*tute of the United States and *Canada, went out of his way to* emphasise that Soviet military doctrine was defensive in character.

But if there ever had been a chance of the Soviet Union *adopting an explicit deterrent* doctrine—and Khrushchev seemed to be moving in that direction in about 1960—the moment has passed. Both America and the Soviet Union now have the capability, through the number and accuracy of their warheads, to carry out limited, pinpoint nuclear strikes, and the Americans, says Mr. Brown, "are necessarily giving *greater attention to how a* nuclear war would actually be *fought by both sides if deter*rence fails." Whatever Milsh*tein may say*, Soviet doctrine is bound to remain centred on *war-fighting*.

The heart of the problem (if one leaves aside the conundrum of Soviet intentions) is that military doctrine is being largely dictated by the logic of weapons development, rather than the other way round, while weapons development in turn is largely dictated by the serious deterioration in relations between the superpowers.

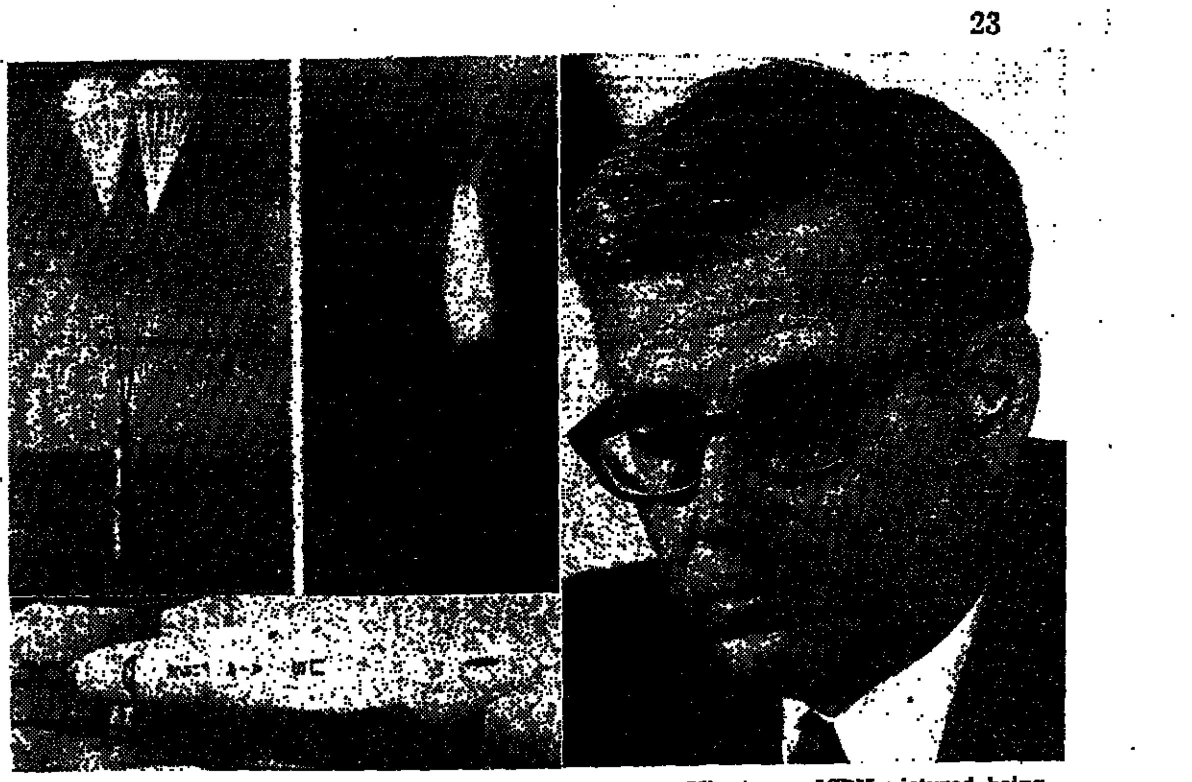
In the next five years or so, the American Minutemen will become theoretically vulnerable to a surprise attack, for which the Soviet Union would need *only a quarter of its new* ICBMs. Some time in the second *half of the decade, the Minute*men will be replaced by much *larger*, mobile *MX* missiles, which would themselves be invulnerable to a Soviet strike— unless the Soviet Union were to decide to disregard the numerical restraints written into the *second* Strategic Arms Limitation Treaty.

Lawrence Freedman, in his forthcoming *Britain and Nuclear Weapons*, argues that the scenario of a pre-emptive Soviet strike *against the* American ICBMs is short on plausibility, *largely because the Russians* could not be sure that it would be perceived *as a limited action*. On the contrary, some 10m U.S. *citizens* would *probably* be killed.

Nevertheless, it is hard to deny that the sophistication of strategic nuclear systems is itself a potential cause of instability, or that the dangers of instability might get worse if both sides were to acquire *simultaneously the capability of* knocking out the other's land-*based* ICBMs. *The most destabil*ising element in modern *weapons technology is the rapid* refinement of multiple warhead design.

It would be a great mistake for the Russians, or *his critics* at home, to blame President Carter for adopting the doctrine of PD 59; that was, sooner or later, the inevitable consequence of the arms race and the development of weapons technology, even if the timing of Harold Brown's speech had as much to do with the election in November as with the Soviet invasion of Afghanistan or with *the discovery* of Sokolovski's *Military Strategy*.

Much more worrying is the failure of the Russians to anticipate the impact of their policies on the arms race. The massive build-up of their own capability jeopardised ratification of SALT II; the invasion of Afghanistan prompted Carter to withdraw SALT II from the Senate, and may well have strengthened Reagan's chances *of getting to the White House*; the stalemate over SALT II has already contributed to *the* nuclear powers' failure to *secure endorsement of the* Non-Proliferation Treaty at the five-year review *by the signatory* nations. The problem lies not in PD 59, but in *the failure of the* superpowers to put the genie of the arms race *back into the* bottle.



U.S. Secretary of Defence, Mr. Harold Brown, with (top) a Minuteman ICBM pictured being launched by parachute from an aircraft before being fired, and a mock-up of an MX missile

Letters to the Editor

Runaway money supply

From Miss Clare Macdonald.

Sir, — Already the money supply has grown by 18 per cent compared with the Government's target of 8 per cent to 11 per cent for the year to April next, while the banks have been wooing their customers with invitations to *borrow* — lending being to *banks what breathing is to the rest of us.*

It is clear therefore that the Government and the Bank of England are quite unable to control bank lending either by the "corset" or by high interest rates and furthermore that the banking fraternity are past-masters at outwitting them.

If the Government really meant business, why did it not *call for a substantial increase* in the Special Deposits at the Bank of England by the clearing banks — to something really painful like 30 per cent which would certainly curtail their credit creation and lending activities and could justify an immediate cut in interest rates!

*But to get down to basic prin*ciples, if you want to control and regulate the money *supply* so as to maintain stable prices and stop inflation, *there is really* only one way to do it — that is, you must *be* the authority which issues all the money in the first instance. The banks have usurped that role which rightfully belongs to the State. Either the Treasury or a permanent Monetary Commission directly responsible to Parliament should be the sole office of issue, with banks still able to lend moneys deposited with them but no longer allowed to create new money (credit) for the purpose of lending it at interest.

The whole monetary *system* is, as that great Conservative Disraeli justly said, "loose, inexact, haphazard and dishonest."

Clare Macdonald.
70, Courtland Avenue,
Cranbrook, Ilford, Essex.

Working wives

From Mrs. E. Taylor

Sir,—I have been following the correspondence on the above topic with interest, and have waited until now to see at least one letter in defence of working wives from a working wife. In the absence of this, I feel I must write if only to let you know that your correspondents Dr. Staveley and Mr. Whittle are quite *wrong* if they consider a woman who is a wife and mother is positively encouraged to seek the tax advantage of a job. No-one in her right mind with a home to *run*, a garden to look after, children and husband to cook *for, launder for* and generally run around after would seek a *job* just for a tax advantage. It is not that enjoyable going *out to work* in the morning, every morning, having left a *meal prepared*, a laundry load ready for washing or ironing later *in the evening*, and *the* usual homely pursuits all waiting for *one's return* in *order* to take advantage of the tax situation. Anyone would think this ran into hundreds and thousands of pounds, instead of the small sum it is.

Unfortunately, having un*leased a vast corps of working* women in the last war, to make ammunition, tend the land, etc. it is hardly fair now to stem the tide *just because it seems men* like Dr. Staveley and Mr. *Whittle feel we have an unfair* tax advantage.

I am writing this in my office in my lunch-hour. Please, Dr. Staveley and Mr. Whittle, consider why we feel we have to give up a working home-life in order to become two people — someone's wife and mother, and someone else's working colleague.

E. Taylor.
2A Rosemary Drive,
Bromham, Bedford.

Popular apples

From Mr. R. S. Anderson

Sir,—Mr. Venables in his letter *of* September 10 having provided some slick reposts to *Mr. Kimberley's letter of Sep*tember 5 finishes by calling on *patriotism to overcome his mar*ket's deficiencies. Is it not about time *that British industry gave* up this idea that if its British it must be good?

If the product is not available or of dubious reliability or inferior quality the general public will not buy it. Surely it is about time that British industry including the Apple and Pear Development Council woke up to this fact and ". . . got off their backsides . . ." as Mr. Kimberley puts it.

R. S. Anderson.
1 Parfour Drive, Kenley, Surrey.

Vehicle registration

From Mr. R. B. A. Wright

Sir,—The frequently proposed solution to the collection of a vehicle tax of an addition to the existing fuel tax may be equitable but leaves unsatisfied the need for a central vehicle record to provide information for crime control and accident investigation.

The cost of providing this service could be minimised by requiring Insurance Companies to feed their records of insured vehicles, already largely com*puterised*, to the centre at Swansea. A small statutory addi*tion to the premium* would cover this transaction.

R. B. A. Wright,
The End House,
Beach Road,
Hoylake,
Wirral, Merseyside.

Redundancy riddle

From Mr. Brian Woodhead

Sir,—As chairman of a management consultancy firm and vice-president of the Institute of Management Consultants, it will not surprise Mr. J. H. Pogmore (September 15) that I support his recommenda*tion to local and central govern*ment to employ independent *management consultants* in determining work loads and *staffing levels within* their administrative departments. To be fair, very many and not just "one or two" of these bodies have already done so, and *I* am pleased to have been able to assist with some of this work over number of years.

Not all industrial concerns are whiter than white on this issue, and some could benefit if they followed Mr. Pogmore's advice. There is a tendency to concentrate attention on the shop floor or "direct labour" areas *in searching for* economies when our experience *shows that wider application of* appraisal measurement and control techniques to administrative and other "non-productive" departments can frequently reveal greater scope for improvement.

On a wider scale, executives and managers in all branches of UK business, commerce and government might also consider whether the much more frequent use of management consultants by their counterparts in the U.S. and Japan could be an example it might pay them to follow.

A. B. Woodhead,
Chairman,
Brian Woodhead *and Co.*
107, Harborne Road,
Edgbaston, Birmingham.

Local council administration

From Mr. D. H. Outwin

Sir,—As Mr. Pogmore correctly points out in his letter (September 15) few local *councillors* are politically prepared or commercially equipped *to challenge council officials on* the managing of the administration.

One reason why this does not command greater *interest on* the part of senior business managers, is the view that a long haul is necessary to bring about an effective change in the composition of councils.

Mr. Pogmore suggests councils might call in independent consultants to advise them on cost reduction. I would go further, and suggest to councils that there are in many communities businessmen having the necessary experience who would be prepared to offer their services on a part-time voluntary basis as consultants on an advisory body, solely concerned with carrying out and reporting to the council upon the manning of the local administration.

If their terms of office were *for 12 months, the greater* the appeal to most volunteers for *such public duty*.

D. H. Outwin,
Industrial and Tractor.
Navigation Road, Worcester.

Civil Service pensions

From Mr. L. W. Bryant

Sir,—The Secretary of the Council of Civil Service Unions has rolled out the old misleading comparison of pension costs (September 15). He takes the total pension contribution of civil servants in employment today and relates it to the pensions paid to civil servants now retired. There is no comparison whatsoever between this and the cost of funded pension schemes in the private sector.

Mr. Jones says that if civil servants' contributions are to be increased they will be bound to press for their scheme to be funded. It jolly well ought to be! Only in this way can the true cost of staffing the public service today be genuinely known.

As it is, their pension figures do not show the true cost of the *commitment entered into for* the pensions of existing civil servants; instead we pass on a massive IOU to future generations with an increasing liability for pensions for much greater numbers.

Those of us who are dependent on the private sector's ability to design and sell products that other people want, *and who cannot pass IOUs on to* future generations, are not *seeking to knock civil servants* who have their own job to do.

There should, however, be some reasonable parity of treatment if a serious division in the nation is to be avoided. And please, would those who write on behalf of the Civil Service stop using misleading comparisons which only spoil their own case and mislead the public.

L. W. Bryant.
23, Kingsfield Avenue,
Ipswich, Suffolk.

Lead time for Maplin

From Mr. John Lukies,
Chairman, North West Essex and East Herts Preservation Association

Sir,—Derrick Wood's letter of September 13 in the Financial Times is yet another of his typical efforts to safeguard Maplin from investigation as a possible Third London Airport site, while pressing the Government to make a quick decision on some other site.

He is *right to be worried*. Maplin was chosen by the last *Conservative administration* after the Roskill Commission *had placed it on their* "*short* list."

After the forthcoming Inquiry we are convinced they will again be *investigating other options*— the development of Maplin among them, with *the* realistic lead time for that site bearing no relation to Derrick Wood's forecast of 17 years.

John Lukies.
Fortescues Farm,
Good Easter,
Near Chelmsford.

Price of electricity

From Mr. B. Bolam

Sir,—I read with mounting disbelief the CEGB plans to cut back generating capacity and temporarily mothball stations as a result of the severe fall-off in demand for electricity.

As a manager of a company at *the sharp end of* the recession (metal manufacturing), I am charged with taking *whatever* commercial decision I deem *appropriate to ensure that my* company's commercial viability is *retained. This of necessity* involves negotiating extremely competitive *deals in respect of* my products (high duty SG iron castings).

While the strategy of spiralling energy costs in order to preserve our reserves is at least partially accepted, I cannot but think to run a power station economically as indeed the majority of the manufacturing plant, it should be run at the highest possible efficiency. I would suggest therefore, that the CEGB and more specifically its local boards are doing a very poor marketing job in terms of negotiating commercially viable deals with its major customers (of which we are one), in order to ensure the efficient and hence economical, operation of its facilities.

B. Bolam.
Managing Director,
Ironfoundry Division,
S. Russell and Sons,
Bath Lane,
Leicester.

Today's Events

GENERAL

UK: Confederation of British Industry monthly council meeting.

British Tourist Authority publishes *annual report*.

Bank of England Bulletin published.

Mr. Ron Hayward, Labour Party general secretary, speaks at Sheffield.

Female executive of the year contest, *Imperial Hotel, Russell* Square.

Overseas: Free trade union activists meet in Gdansk, Poland, to discuss inter-union co-operation.

International Office Equipment Exhibition opens, Paris (to September 26).

European Parliament session continues, Strasbourg (to September 19).

OFFICIAL STATISTICS

Cyclical indicators for the UK economy (August). Department of Employment publishes July indices of average earnings, and indices of basic rates of wages for August. Central Statistical Office publishes the 1980 edition of the Blue Book on National Income and Expenditure.

COMPANY MEETINGS

W. G. Allen (Tipton), Station Hotel, Dudley, West Midlands, 12. Asam Trading, Victoria House, Vernon *Place*, WC, 12. B. Elliott, Savoy Hotel, The Strand, WC, 12.15. Hales Properties, Penns Hall Hotel, Penns Lane, Walmsley, Sutton Coldfield, West Midlands, 12. Hazlewood Foods, Empire Works, Rowditch, Derby, 12. Robert Moss, Masonic Hall, 333 Banbury Road, Oxford, 3.30. Reardon Smith, Devonshire House, Greyfriars Road, Cardiff, 3. Siebe *Gorman, Winchester House*, 100 Old Broad Street, EC, 12.30.

COMPANY RESULTS

Finals dividends: Australian and International Trust. Burns-Anderson. Consolidated Gold Fields. Dalgety. Epicure Holdings. Trafford Park Estates. Westminster and Country Properties.

Interim dividends: Bemrose Corporation. Berwick Timpo. British Mohair Spinners. Burmah Oil Company. Eagle Star Holdings. Expanded Metal Company. Law Land Company. Legal and General Group. Philcom. Rio Tinto-Zinc Corporation. Tricentrol. United States Debenture Corporation.

Hanson ahead 28% at nine months: bond issue

REPORTING a 28 per cent increase in profits for the nine months to June 30, 1980, the directors of **Hanson Trust** also announce plans to issue U.S.$25m guaranteed convertible bonds due 1995 through Hanson Overseas Finance.

This is the first time that Hanson has offered an issue in the international bond market, the proceds of which will be employed in the long-term financing of the group's activities.

The bonds will be issued in denominations of $1,000 and will be convertible on or after January 15, 1981 in to fully paid registered Hanson Trust ordinary shares.

Profits before tax for the nine months amounted to £27m against £21m on sales of £521m compared with £503m in the same period last year.

In 1978-79, pre-tax profits totalled £31.2m from sales of 658m.

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HESKETH OFFER

The offer for sale of 1.8m shares of **Hesketh Motorcycles** at 80p a share has been oversubscribed only 3.1 per cent. A total of 925 applications were received. Those for amounts up to 25,000 shares have been allotted in full and applicants for amounts in excess of that figure will receive approximately 96 per cent of the number of shares applied for.

Dealings under Stock Exchange rule 163(2) will begin today.

HIGHLIGHTS

Lex picks its way through some confusing statistics in the annual national income blue book which suggests that company profits have been significantly better than previously thought. Moving from the macro to the micro much the same seems to apply to insurance broker Willis Faber which has reported first half figures much better than the gloomy analysts had been going for. Elsewhere in the company sector **Hanson Trust** is launching a $25m convertible bond issue with a 9 per cent coupon which appears to leave it strongly placed for any expansion moves. Lex also discusses the pressure on the money markets today with the banks scrambling for reserve assets to meet their monthly makeup requirements.

Bernard Matthews well ahead

SALES of **Bernard Matthews**, the turkey processing group, increased from £11.14m to £17.6m in the 28 weeks to July 13, 1980 and pre-tax profits were £1.7m compared with £1.42m in the same period last year.

In the second half, the directors expect another substantial rise in turnover and a further profit improvement. The interim dividend is effectively raised from 3.25p to 4p—last year the total was equal to 7p on record pre-tax profits of £3.83m.

First half profits are after interest of £442,000 against £62,000. Tax charge is £598,000 (£569,000).

Mr. B. T. Matthews, chairman, says sales of turkey meat products have increased over fourfold compared with last year and now represent the major part of the group's business.

Turnover would have been even higher but, mainly due to the influence of imports, deliveries of oven ready turkeys were lower than normal. Nevertheless the group expects to recover some of these sales in the second half.

The expansion of the turkey meat products division and the depressed market conditions for whole turkeys have resulted in larger stock holdings which, coupled with higher bank lending rates, have resulted in the substantially increased interest charges. The board expects stock holdings to be reduced significantly over the remainder of the year.

Wadkin in loss and cuts interim

IN A first half marked by home market recession and difficulties in export markets, **Wadkin**, manufacturer of woodworking machinery, *has slumped from* pre-tax profits of £620,000 to losses of £119,000, and the directors are reducing the interim dividend from 2.25p to 1.5p.

Forecasting is made more than usually difficult by the present economic climate, they say, but actions taken by the board should contain the present situation. The first-half deficit is lower than the £253,000 loss sustained in the second half of 1979, which left full-year profits of £367,000 after stock rationalisation costs of £392,000. The final dividend last year was 4.22p.

First-half sales rose to £13.64m (£11.75m) and the loss is struck after sharply increased interest charges of £162,000 (£64,000). Last year's profit was also struck after stock rationalisation costs of £180,000. There is a tax credit of £60,000 (£190,000 charge).

It has been necessary to reduce the level of manufacturing activity in line with demand, say the directors, and numbers employed have been reduced by 10 per cent.

But in spite of the difficulties, their policy of heavy investment in the development of new products continues unabated. Those models released so far have been well received and reinforce confidence that by the end of the year the fruits of this programme and continuing rationalisation will mean the group is well placed to overcome the depressed economic conditions, they add.

Borrowings amount to £1.9m, representing 19 per cent of shareholders' funds, and stock reduction targets have been set *to maintain this position.*

● comment

Given the residual level of balance sheet strength, Wadkin's *decision to cut the interim dividend* must have been difficult as the yield has been the only prop for the shares during the first year of a three-year reorgani*sation programme. But the* fall in second quarter demand is said to have been "precipitate" and volume is down by about 12½ per cent. The UK outlook remains stubbornly dull but Wadkin perceives signs of optimism in the important U.S. export market yet the success of its extensive redesigns and development effort, which is absorbing around £1m annually, will not be tested until the UK exhibition in November and the Hanover trade fair next May when the new product range is fully launched. Results in the couple of years thereafter will bring in the final verdict. In the meantime, the group is forced to accept negligible export margins (and worse) to protect its market position and to cut stocks to hit target gearing of 15 per cent by the year end. The group maintains that its ambitions are no less achievable *for* all the current malaise but the shares, down 4p yesterday to 76p can only be subject to intangible and possibly speculative influences short term until the income support is re-established.

LMS expands and lifts rental income forecast

SUBSTANTIAL advances in income from rents and investments and in the share of its associate Carlton Industries, enabled **London Merchant Securities** to push taxable profit for 1979/80 up £2.37m to £7.6m.

Following the mid-year jump from £1.08m to £3.13m profits moved ahead £317,000 in the second six months.

At the attributable level, profit for the year was only marginally higher at £5.69m, against £5.5m, mainly because of a swing from a £267,000 tax credit to a £1.8m charge. However, Lord Rayne, the chairman, points out that much of the charge will be offset against North Sea development expenditure.

Based on the actual tax take, stated earnings per 25p share were 0.16p better at 4.75p whereas on a notional 52 per cent tax *basis the increase would* be 0.9p to 3p.

A net final dividend of 0.8p effectively lifts the total to 1.2p (0.9823p) and one-for-three scrip issues *on* both ordinary and deferred ordinary shares are proposed.

Net rental income from investment properties rose by over 27 per cent to £4.42m (£3.47m) and is now estimated to reach £8.5m in 1982/83, compared with the £6.5m forecast two years ago, the Chairman points out.

The surplus on property trading dipped to £631,000 (£758,000) but from *other* activities it was £68,000 (£39,000).

Turnover of the group's trading activities was £2.2m (£2.1m).

Investment income and interest received climbed to £2.04m (£1.18m) while interest payable eased to £2.76m (£2.91m). Though investment income benefited from high interest rates some diminution of this revenue must be expected as rates fall and funds are deployed into initially lower yielding operational undertakings, the chairman states.

Over the next three years a considerable part of the group's steadily increasing revenue will be absorbed by the expanding property and energy development activities, thereafter benefits should be substantial.

	1980 £000	1979 £000
Total Income	4,196	3,412
Rentals	4,417	3,474
Property trading	631	758
Other activities	68	39
Less expenses	920	859
Associates	4,128	3,553
Carlton Industries	4,266	3,336
Century Power loss	138	*217
Invest. income & int.	2,040	1,179
Interest payable	2,763	2,910
Profit before taxation	7,601	5,234
Tax	1,796	†267
Net profit	5,805	5,501
To minorities	112	1
Attributable	5,693	5,500
Dividends	1,437	1,177
Retained	4,256	4,323

* Profit. † Credit.

"At the same time, the value of the group's assets continue to rise providing a strong base and sound potential for continued growth," Lord Rayne adds.

The *insurance division* has been restructured to eliminate loss making areas and prospects here for the current year are encouraging.

At *Carlton Industries, where* the profit share for the year reached £4.27m (£3.37m), high interest rates and lower UK demand for automotive batteries have depressed 1980 first half *results but some improvement is* expected in the second half.

The investment in Century Power and Light showed a loss of £138,000 (£217,000 surplus) for 1979/80 as exploration and development finance costs overtook the income from Hewett gas field.

Century has continued to maintain a high level of exploration activity with interest in 44 blocks in waters off-shore the UK and Republic of Ireland.

● comment

London Merchant Securities has produced better results than expected, led by a 27 per cent increase in rental income, the *big improvement* in Carlton Industries last year and a 73 per cent rise in investment income due to high interest rates. As the group enters a period of *higher spending, not only on its* London property developments but also on its increasing involvement in oil and gas exploration, profits may not continue to grow *as rapidly*. The shares gained only 2p yesterday to 133p where, even with the one-fifth increase in the dividend, the yield is only 1.3 per cent. Long term growth remains the goal.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Barrow Hepburn	int.	0.8	Nov. 6	0.8	—	2.2
Blockleys	int.	1.75	Oct. 20	1.5	—	6.39
Bodycote	int.	2	Nov. 28	2	—	[illegible]
Executex Clothes	int.	0.73	—	0.67	—	1.86
Home Charm	int.	0.7	Oct. 31	0.7	—	2.3
Inveresk Group	int.	nil	—	1	—	2
LMS		0.8	Nov. 8	0.65*	1.2	0.98*
Bernard Matthews	int.	4	Oct. 31	3.25*	—	7*
Offrex Group	int.	1.17	Nov. 7	1.17*	—	3.67*
G. H. Scholes		12.5	—	12.5	18.5	18.5
Sirdar		3	Dec. 8	3	5	4
Wadkin	int.	1.5	Nov. 3	2.25	—	6.47
Watts, Blake	int.	1.23	Nov. 15	1.04*	—	2.48*
Willis Faber	int.	3.8	Nov. 4	3.5	—	11

* Equivalent after allowing for scrip issue. † On capital
Dividends shown pence per share net except where otherwise stated.

Willis Faber tops expectations and increases interim payout

TAXABLE profits of Willis Faber, insurance broker, were above the chairman's expectations in the first half of 1980, rising from £10.06m to £11.94m.

However, the directors warn that because of the nature of the company's business most of the profits accrue in the first six months. The second half, they say, may not produce a figure much different from 1979's £7.1m. Although this would give a satisfactory outturn for the year, it would not show the growth the group is capable of given more favourable conditions, the directors add.

Nevertheless, they are raising the interim dividend from 3.5p to 3.8p net. Last time a total of 11p was paid from pre-tax profits of £17.16m.

While they are pleased with the results for the six months, the directors say they do not represent a major improvement, expressed in sterling terms, in the company's brokerage income which was influenced by continued weakness in insurance markets and the world recession.

Lack of profitability of current underwriting affected the underwriting management company and the insurance subsidiary Sovereign Marine and General Insurance, whose pre-tax profit during the six months rose from £24,000 to £341,000.

The results of past years from Lloyd's were satisfactory—the company's syndicates doing outstandingly well. However, the directors anticipate a similar downturn as later years are closed.

Income over the six months benefited from high interest rates and rose by 16 per cent, from £24.85m to £28.82m, but expenses were higher at £19.6m (£16.63m).

The share of profit of associated companies increased to £2.38m (£1.18m). Tax was higher at £6.24m (£5.57m) and after an extraordinary debit of £21,000 (£72,000 credit) and a minorities charge of £29,000 (£6,000 credit) attributable profit showed a rise from £4.57m to £5.66m.

Earnings per 25p share are 14.03p (11.11p).

The directors say they are continuing to make progress in containing expenses and that the heavy investment in computer-based accounting systems is beginning to show rewards.

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Martin-Black remains in loss at six months

ALTHOUGH showing a slight improvement on the comparable period last year, results for the half-year to June 30, 1980 of **Martin-Black**, manufacturer of wire ropes, continue to reflect the difficult market conditions in which the group is operating at home and overseas.

In the first half the group cut its pre-tax losses by £7,000 to £102,000 on turnover up 18 per cent from £7.28m to £8.6m. Trading profits rose from £154,000 to £214,000, but interest charges were higher at £273,000 compared with £182,000. Depreciation accounted for £171,000 (£161,000) and exchange losses were £43,000 (£106,000).

The group has exercised its options to convert loans into equity shares in its quoted associate company in India. As a result, its interest in the associate company has fallen to 18.82 per cent. The directors believe that in view of this, it is now prudent to treat this as a trade investment rather than to consolidate its share of the profits as has been the previous practice.

This will not affect the group's cash flow since the associate company's dividend policy is likely to remain unchanged.

Had the previous practice been continued, the share of the profits would have been shown as £49,000 as against £25,000 for the same period last year.

Inveresk dives to £0.75m loss and passes midway payment

REDUCED demand and severe compression of profit margins in papermaking have brought a downturn of more than £1m to losses of £747,000 for Inveresk Group in the 24 weeks to June 14, 1980, and the interim dividend is being omitted.

In 1979 there were midway profits of £307,000 and a surplus for the whole year of £526,000. The total dividend was 2p net.

With the fall in demand, certain papermaking capacity has been closed, says Mr. T. S. Corrigan, chairman and managing director, and 17 per cent of employees in this division have been made redundant.

The consequent redundancy costs and fixed asset write-off, together with the cost of other redundancies arising from overhead-reduction and efficiency programmes throughout the group, have resulted in an extraordinary debit this time of £823,000, leaving a loss before tax of £1.57m (*£307,000 profit*).

At the operating level, there were losses of £97,000 (£806,000 profit) after depreciation of £537,000 (£545,000), rental in*come of £395,000 (£253,000), and* operating losses of a business sold last time of £69,000.

Mr. Corrigan points out that the principal customer industries *of the papermaking division*, printing and packaging, are being seriously affected by the strength of sterling, which is resulting in a loss of business to overseas competitors. In addition, a *national dispute* involving a printing union during April and May caused widespread disruption, which also affected the group's own packaging operations.

Profit margins have been reduced by increases in raw material costs and in most operating expenses—particularly energy—combined with pressure from uneconomically-priced imports, most of which are produced by state-subsidised competitors. Cartonboard is the most seriously affected sector, he adds.

Results from Carrongrove's new plant were very poor and had a major adverse impact, says Mr. Corrigan. After further technical problems, coated paper is being manufactured at a gradually improving rate, but market conditions have made it extremely difficult to attain the required volume of profitable sales.

However, the stationery and trading activities performed well and produced increased profits.

● comment

In the light of the well-publicised writhings of the British papermaking industry there should have been little or nothing Inveresk could have done to surprise or disappoint the market. But, given heavy first-half *operating losses*, steep capital costs and a very bleak dividend outlook, the shares came back by 2½p to 24½p yesterday, less than half par value. *Completion delays meant* that Inveresk was not able to shut off its capital spending as fast as it would have hoped and debt is now above balance sheet *borrowing levels by about £1.5m.* Carrongrove, moreover, is operating at about 50 per cent of capacity whereas the target is upwards of 75 per cent. While the *depth* and *velocity* of the papermaking cycle is undisputed, the domestic industry's misfortunes have been compounded this time by artificial factors—*high sterling rates, a wide energy* cost differential and, latterly, the print dispute which took a great deal of work abroad and, naturally, demand for paper with it. The costs of the *strike* are difficult to quantify but the settlement holds out hope for some recovery in the current half but the industry's other *handicaps are not about to dis*appear quickly and the best Inveresk, and its peers might reasonably hope for short-term is to clamber up on the coat tails of a broad *economic recovery* worldwide next year or the year after.

Listing for fast-growing Canadian telephone group

BY IAN RODGER

TRADING IN the shares of **Mitel Corporation**, a fast-growing Canadian manufacturer of sophisticated telecommunications equipment, is expected to begin on the London Stock Exchange *on* September 23.

The company, which was founded in 1973 by two British engineers, anticipates selling more private telephone exchanges (PABX) *in its current* financial year, to February 28, 1981, than any other manufacturer in North America.

It has forecast net income, after tax, in the current year of C$13m to $15m, or $1.18 to $1.36 per share, on sales of between $105m and $115m, compared with net income of $5.6m, or 56 cents a share, on sales of $43.4m last year. The company expects sales to reach $1bn by 1985.

Mitel shares were listed on the Toronto Stock Exchange in August, 1979 following a public share issue the previous month at $10.38 a share that raised $10.5m. The shares are currently trading at $42. A two-for-one split was proposed last week.

The group manufactures integrated circuits for its own products as well as for sale. It expects sales growth to be most rapid in this sector, in PABX and in a new line of digital telephone exchanges it plans to introduce early next year.

In 1979-80 two-thirds of sales were made in the U.S., 20 per cent in Canada and 14 per cent elsewhere. The company has recently won a contract from the British Post Office to supply 1,500 PABX and is building a new factory at Reading to replace a smaller one at Slough.

Despite its rapid growth plans for the next five years, the company, which raised an additional $17.7m by a share issue last June, plans only one further equity issue: of $20m-$40m next summer.

The group hopes to make at least a portion of the issue in London. About 5 per cent of Mitel's shares are already held in the UK.

Sponsors of the introduction, which cost £87,000, are Hoare Govett.

Toshiba plans to apply for *London quote*

Toshiba Corporation, leading Japanese heavy electrical company, is to apply for London Stock Exchange listing next month—the first Japanese company to seek a London listing since the clothing and textiles group, Renown, in the mid-1970s.

In Britain, Toshiba is a partner with Rank in a joint venture to produce colour TV sets.

The company's choice of the London market, in preference to one of the continental markets, which have hitherto been more popular with Japanese companies, reflects the belief that UK investment in Japanese equities may increase substan*tially in the wake of foreign* exchange liberalisation.

The listing will bring to five the number of Japanese companies listed on the London exchange. The others are Sony, Toray, Takeda Chemical and Renown.

Toshiba's application is sponsored by Kleinwort Benson and Nomura Europe NV. Brokers to *the listing are Cazenove.*

SPAIN

Sept. 16	Price %	+ or —
Banco Bilbao	241	+4
Banco Central	275	+5
Banco Exterior	214	+2
Banco Hispano	236	+4
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	275	+5
Banco Urquijo	142	
Banco Vizcaya	252	+4
Banco Zaragoza	232	+6
Dragados	112	
Espanola Zinc	72	+1
Fecsa	64.70	+0.70
Gal. Preciados	37	+2
Hidrola	69	
Iberduero	66.60	
Petroleos	123	+3
Petroliber	85	+5
Sogefisa	107	
Telefonica	65	+1.60
Union Elect.	70.50	+0.50

هكذا من الأصل

Expansion costs pull down Home Charm to £0.6m

A HEAVY expansion programme at a time when the country is experiencing record interest rates and a severe economic depression is the prime reason for a reduction in pre-tax profits for Home Charm, says Mr. H. E. Fogel, the chairman.

The figures for the six months to June 28, 1980, show pre-tax profits down from £1.16m to £638,000 after depreciation and amortisation up from £275,000 to £496,000 and interest charges of £227,000 compared with a credit of £12,000 last time. Turnover rose from £19.32m to £28.58m.

After tax virtually unchanged at £33,000 (£31,000 re-stated), earnings per 10p share are shown as 4.3p (8.1p). The interim dividend is unchanged at 0.7p—last year's total was 2.3p from pre-tax profits of £2.6m.

Mr. Fogel says the latest indications are that trading in the second half has shown a modest improvement. Measures will continue to be taken to keep costs to an absolute minimum, he adds.

This supplier of D-I-Y wallpaper, paint and kitchen and bathroom units, has opened six new stores since the beginning of 1980 and these have involved significant pre-opening costs—these have been written off *during the period*—and also substantial capital expenditure.

Two further large stores have commenced trading since the end of the first half, and another two are due to *open before the* end of the year.

Branches of Home Charm include Texas Homecare and Texas Decor.

● comment

With *hindsight Home Charm's* physical expansion plans, which will add a third to its floor space this year, could not have come to fruition at a worst time. After *years of growth* when the *DIY* market seemed to be recession proof the image is finally shattered. Demand has taken a fall, especially on the high priced *items for* kitchens and bathrooms when Home Charm has put increasing emphasis. Competition has intensified and margins have taken a tumble. Add into *the equation hefty borrowings to* pay for the expansion—debt peaked at £6m in the first half—higher depreciation and opening costs of around £300,000 and the net result is that profits are worse than expected with little light showing at the end of the tunnel. It is hard to see the company making £2m this year against £2.8m and even if it does *the fully taxed p/e is still over* 14 while the yield is only 3.2 per cent. It is a sound, well managed company but the immediate trading outlook does not justify the *rating at 103p*.

George H. Scholes near £2.5m

FOLLOWING THE increase from *£773,000* to *£1.03m at mid-*way, George H. Scholes, manufacturer of "Wylex" electrical products, reports pre-tax profits of £2.48m for the year to June 30, *1980*, compared with *£1.83m* in the previous year.

The final dividend is unchanged at 12.52p giving a maintained total of 18.52p. Stated earnings *per share are up from* 28.2p to 36.5p.

Turnover amounted to £15.9m against £13.28m. Profit is after interest on short-term deposits of *£2,988* (£18,900) but *before* tax of £921,288 (£616,890).

Dividends again absorb £793,397 and there is an increase in the carry forward of *£768,224* compared with *£416,337*.

Fall in home demand but Watts Blake close to £2m

AN INCREASE of £332,000 to £1.92m in pre-tax profits is reported by Watts, Blake, Bearne and Company, extractor, processor and seller of ball and *china clay, for the six* months to June 30, 1980. Sales rose from £10.74m to £13.11m.

The Board states that volume of demand for ball clay by the *ceramic industry in the UK* declined during the first half, but as a result of strenuous *efforts* made to counteract the anticipated worldwide recession, the company secured increased sales in other markets, particularly export.

The Board expects the coming year of general recession to be *one of consolidation for the* group. In the meantime, in anticipation of an upturn in trade, which it believes will begin to be apparent in the *early part of* 1982, the group's investment programme continues unabted.

First half profit is after depreciation of £871.000 (£773,000) and a *post-invoice currency lo-* of £62,000 (£63,000). On a CCA basis the pre-tax profit is reduced to £1.18m.

After an estimated tax charge up from £650,000 to £830,000, profit available is £1.09m *(£933,000)*. The interim is effectively raised from 1.04p to 1.23p —last year's total was an adjusted 2.48p from pre-tax profits of £3.51m.

Stated net earnings per 25p share are shown as 6.57p (5.7p adjusted).

● comment

Watts Blake Bearne is probably one of the better stocks to lock up for the recession. The balance sheet is very heathy and cash generation *should* be sufficient to cover net capital investment of around £4m this year against £3.3m. The 21 per cent rise in interim profits, fuelled by a 24 per cent improvement in export and overseas subsidiary sales, *reflects the group's* ability to withstand a 4 per cent decline in home ceramics volume during the first six months. Margins abroad have held up reasonably well so far although WBB admits that its ability to push through further price increases will not run very much past the *turn of the year*. The second half is obviously going to be more difficult and the fall in UK volume cannot be expected to even out before 1981 with growth *returning, perhaps, only in the* following year. But taking reported profits over the last 12 months the shares at 142p, up 10p yesterday, are trading at 9.5 *times fully taxed earnings which* looks about right but a yield of 3.5 per cent, translating the 19 per cent *half-time* dividend increase to the final, is not much of a cushion.

Mid year downturn at Offrex

AFTER A promising first quarter, Offrex Group, manufacturer and distributor of office supplies, suffered a sharp downturn in the second three months *of 1980* which reduced pre-tax profits for the six months to June 30 to £1.77m, compared with £2.59m.

Describing the figures as a "very disappointing performance," Mr. George Drexler, *the chairman*, says that although measures have been taken to deal with the sharp profit downturn, these will not be effective until the latter part of the year.

Six months' tax takes £756,000 (£1.07m) and the interim *dividend, effectively maintained at* 1.17p net, absorbs £232,000 (same), leaving a retained surplus of £780,000 (£1.28m). Last year's total dividend, adjusted for a one-for-five scrip issue, was 3.67p.

Sales improved to £24.03m (£22.6m). Export sales were higher but, says the chairman, the group had to fight hard in most export markets to retain its market share at prices which did not recover *inflationary* cost increases.

● comment

Ofrex has taken the usual steps *to reduce costs since* domestic demand for its office and industrial products dropped away in the *second half*. The decline has been particularly severe in *industrial products which account for* close to one-quarter of turnover. O nthe other hand, export sales, about one-third of the total, have held up, although at the expense *of margins. There is probably* not much to look forward to in the second half but not too much to fear either. The company has a strong balance-sheet *and demand for office equipment* can swing quickly. The shares dropped 7p to 93p yesterday and if the group makes £4m on the year, the prospective fully taxed *p/e would be 9.7. The prospec*tive yield, on a maintained final dividend, is 5.7 per cent.

Progress at Alfred Walker

DESPITE turnover falling from *£3.7m to £2.82m, Alfred Walker* and Son, the Birmingham building contractor and property developer, reports a substantial increase in pre-tax profits for the year to June 30, 1980, with the figures climbing from £53,000 to *£123,000*.

At the interim stage when there was a modest profit of £5,000 compared with a loss of £3,000, the directors said there *was a continuing situation of* record interest rates and a totally inadequate supply of mortgages for house purchase. These factors, together with *general constraints imposed* by the Budget, were bound to adversely affect the full year's trading figures.

Sirdar profits reach £3.73m

TAXABLE profits of *Sirdar*, Yorkshire-based hand knitting yarns group, increased from £3.2m to a record £3.73m in the year ended June 30, 1980, on turnover up *from £21.36m to* £22.99m.

At midway, profits had risen from £1.48m to £1.67m

Total dividend for the year is lifted from 4p to 5p per share with an unchanged final of 3p. However, after a sharp increase in the tax charge from *£646,241* to £1.31m, stated earnings per share are down *from 21.23p to* 20.1p.

	Year 1980 £	1979 £
Turnover	22,987,714	21,355,003
Trading profit	3,891,201	3,418,316
Interest	165,055	220,410
Profit before tax	3,726,146	3,197,906
UK tax	1,313,458	652,147
Overseas tax credit	3,522	5,906
Net profit	2,416,210	2,551,665
Exchange loss	18,545	17,976
Dividends	595,358	482,438
To reserves	1,802,307	2,051,261

● comment

The slow-down in capital spending at Sirdar may have doubled its UK tax charge, producing lower attributable profits, but it has also released cash to bring down borrowings. As a result debt in the balance sheet *represents only* 5½ per cent of shareholders' funds compared with over 20 per cent last year. With stocks being held steady, Sirdar is in an exceptionally *solid position for the textile* sector. Its up-market product range is less sensitive to import penetration and falling demand than most other textile companies *and, while there was* clearly a slight volume decline last year, the company claims to have picked up market share. The final dividend is maintained on a cover of four times, which indicates the short-term prob*lems to be faced, but Sirdar's* premium rating is justified by the potential for recovery after the present recession. The shares shot up 8p yesterday to 100p, *producing a fully-taxed* multiple of 6.5. Not surprisingly, the yield of 7.4 per cent is light years from the industry average.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bemrose, Berwick Timpo, British Mohair Spinners, Burmah Oil, *Eagle Star, Expanded Metal, Law Land*, Legal and General, Phicom, Rio Tinto-Zinc, Scottish European Investment, *Tricentrol*, United States *Debenture* Corporation.

Finals: Australian and International Trust, *Burns-Anderson*, Consolidated Gold Fields, Dalgety, Epicure, Trafford Park Estates, Westminster and Country Properties.

FUTURE DATES

Interims:—	
Brixton Estate	Sept. 25
Brown and Jackson	Sept. 25
Copydex	Sept. 23
Ebar Industrial	Sept. 23
Fisons	Sept. 22
Garnar Scotblair	Sept. 22
General Investors and Trustees	Sept. 25
Glossop (W. and J.)	Sept. 24
Hiltons Footwear	Oct. 1
Mackay (Hugh)	Sept. 24
Manor National	Sept. 25
Marshall's Universal	Oct. 15
Modern Engineers of Bristol	Sept. 25
Neill (James)	Sept. 26
Finals:—	
Capseals	Sept. 29
Cope Allman Intl.	Sept. 29
Estates Property Investment	Sept. 22
Northern Ind. Improvement Tst.	Sept. 19

Blockleys

On turnover up from £1.12m to £1.69m taxable profits of *Blockleys, facing bricks manufacturer*, rose in the half year to June 30, 1980, to £177,500 compared with £94,500.

However, the directors state that the current continuing deterioration in national building activity will inevitably affect the level of the company's trading during the second half.

The interim dividend is increased from 1.5p to 1.75p net. Last time a final of 4.89p was paid

After a higher tax charge of £95,000 (£49,600), stated earnings per 20p share are up from 2.85p to 5.36p.

Bodycote turns in £0.76m in first half: interim maintained

FROM turnover of £16.74m (£17.18m), profits before tax of Bodycote International amounted to £762,000 in the first half of 1980 against £1.15m in the same period last year. However the directors say the results are not strictly comparable.

This is due to the disposal or closure of certain subsidiaries during the *latter part of 1979 or* early 1980. These subsidiaries contributed turnover and profits of £5.89m and £310,000 in the first half last year and turnover of £2.59m and losses of *£43,000* in the 1980 first half.

The 1980 results *also* include a full six months' contribution from the Blandburgh engineering subsidiary acquired in April 1979. This has been more than offset however by *losses* in the textile subsidiaries.

The interim dividend is being maintained at 2p per share—the total last year was 4p on pre-tax profits of £2.14m.

Stated earnings per share in the *first six months are 6.36p* (11.56p). Profits are after loan interest £273,000 (£187,000) and depreciation £355,000 (£705,000). Tax takes £260,000 against £240,000 and there is also an extraordinary debit of £140,000.

Mr. J. C. Dwek, chairman, says the very serious difficulties now facing the manufacturing sector in the UK make it difficult to predict the outcome for the year. Nevertheless, notwithstanding the current difficult trading conditions, the directors are confident about future prospects.

Mr. Dwek says that 1980 will *continue to be a difficult year*. Provided the recession dces not deepen and widen the group can expect to come through this year able to take advantage of better times.

The industrial protective clothing and engineering subsidiaries *certainly fared* no worse and in many cases a great deal better than last year, the chairman states.

However, these performances have been overshadowed by the significant downturn in some of the more substantial textile interests, which not only prevented them from making a similar contribution but also carried them into losses. The directors are continuing the policy of disinvestment out of these textile areas as speedily as current circumstances *sensibly allow*.

The position at Wm. Denby and Sons (textile processing) is still highly critical even though the company has achieved substantial reorganisation, reduced operating costs and improved productivity.

Losses are continuing at an unacceptable rate, which must mean a further contraction of this sector. On the other hand Denbilaminates has had a reasonable first half.

● comment

Bodycote's setback of a third may *not tell the whole story* but by the time adjustments are made for the companies sold, six months of Blandburgh against two and the interest factor on money raised by the sales the proportionate decline is probably not very different. Its textile operations are still the main problem. Wm Denby made a loss of some £150,000, the exceptional item is also Denby's, and a *decision on its survival must* come in the next couple of weeks. Weaving and fabric converting have also been loss makers but nowhere near as dramatic. In contrast the heat treatment engineering operation, Blandburgh, stands out. It made profits of £300,000 and should double that for the year. Evidently many customers are finding it cheaper to use Blandburgh *and mothball their own plants* because of the reduced level of throughput. Its latest acquisition, Zinc Alloy, will contribute in the second half yet inevitably profits for the year will be down. But the dividend could be increased despite the unchanged interim. So perhaps the prospective yield is around 8 per cent at 82p—hardly exciting one way or the other.

French backing for Premium Life

A NEW life company, Premium Life Assurance, has made its appearance in the UK life assurance sector, backed by the major French financial institutions L'Epargne de France and *Societe Generale*.

Initially, the company will *offer a range of non-profit fixed*-benefit contracts, with special emphasis on term assurance, and individual linked life contracts on both a single premium and a regular payment basis.

Later it is expected that the *company will* enter the pensions market for personal and executive pension contracts.

The company is offering seven funds to which investors can *link their contracts and it is* using outside investment managers as well as in-house expertise. The company is allowing switching between funds free of charge. *Marketing will be en*tirely through insurance brokers and independent investment advisers, vetted by the company in the light of their professional qualifications and expertise in *serving* the investment and insurance needs of clients.

The company has a paid up capital of £750,000 of which 28 per cent is held by L'Epargne and a further 5 per cent by its sister company Caisse Familiale Vie. Societe Generale holds 10 per cent, the Bahamas based investment company European Investment another 31 per cent and the UK River and Mercan*tile Trust, 8 per cent*.

M. Pierre Borel, the president of L'Epargne de France, one of France's major private insurance companies is chairman of Premium Life while Mr. Peter Connor is the managing director and actuary of the company. *The* marketing director is Mr. Giles Wareham.

TANKS CLOSES REGISTER

The Board of Tanks Consolidated Investments has decided to close the company's branch register in Salisbury, Zimbabwe and to transfer the stock and shareholdings to the principal register in the UK.

Giddings and Lewis-Fraser advances

Taxable profits of machine tool maker *Gidding and Lewis-Fraser* advanced in the first half of 1980 from £432,030 to £775,715. Sales during the period showed a rise of almost £1m to £6.1m.

The surplus was struck after depreciation of £165,462 *(£147,208)* and interest received of £198,939 (£81,524). Tax for the six months increased from £215,824 to £388,125.

The company is a wholly-owned subsidiary of Giddings and Lewis, Inc. (U.S.A.).

RESULTS AND ACCOUNTS IN BRIEF

K. O. BOARDMAN INTERNATIONAL (clothing and textile importer, commercial printer and stationer)—Results for year to March 31, 1980, and prospects already known. Shareholders' funds £3.71m (£5.19m), net liquidity down £0.43m (£1.21m) with bank overdrafts and advances £4.64m (£4.23m). Auditors again qualify their report saying accuracy of provision for future losses and closure costs, this time put at £1m, depends on future economic and trading conditions. Meeting, St. James's Club, Manchester, October 2, noon.

EXPLORATION COMPANY (investment dealer)—Estimated pre-tax profit for *six months to* June 30, 1980, excluding associates £304,721 (£237,216), tax £136,731 (£109,571). Assets, taking investments at market value, £8.92m (£7.33m).

HIGHCROFT INVESTMENT TRUST—Interim 1p (same). Profits for half-year to June 30, 1980, £44,825 (£36,416) after tax of £39,800 (£30,500). Stated earnings per 25p share 1.63p *(1.32p)*.

EL ORO MINING AND EXPLORATION—Pre-tax profits for half year to June 30, 1980 *(including fully-owned* subsidiary General Explorations but excluding associates): £187,128 (£150,501). After tax of £82,353 (£67,154) profit £104,775 (£83,347). Group assets taking investments at *market value £6.64m (£5.22m)*.

WOLVERHAMPTON RACECOURSE COMPANY—Profit before tax for 1979 £6,071 (£12,548). Race meeting revenue £73,731 (£63,309), non racing income £36,969 (£36,870), capital transactions £1,326 (£2,948). Net assets employed £372,870 (£346,075). Meeting, the Course, October 6, noon.

W. G. ALLEN AND SONS (TIPTON) (engineer)—Results for year to March 31 reported August 15. Shareholders' funds £5.16m (£4.23m), overdraft £425,997 (£418,929), cash £6,190 (£4,278). Pre-tax profit of £867,974 *reduced to £222,974 on CCA basis*. Meeting, Station Hotel, Dudley, September 17 at noon.

ONRTON AND WRIGHT GROUP (producer and distributor of lottery tickets and fund-raising cards)—Results for the year to March 31, 1980, announced August 8. Shareholders' funds £2.26m (£1.86m), bank balances and cash in hand £314,622 (£141,681), bank overdrafts-secured £197,152 *(£367,774). Meeting, Leeds, October 2*, noon.

JONES STROUD (HOLDINGS) *(maker of fabrics, accessories and materials for textile and electrical industries)*—Results for year ended March 31, 1980 with prospects reported July 16. On CCA basis, historical pre-tax profits £2.06m (£2.8m) adjusted to £0.83m (£2.11m). Shareholders' funds £10.97m (£10.4m). Bank borrowings £5.65m (£5.07m). No depreciation has been provided on freehold or long leasehold buildings as required by SSAP 12 as directors consider the value of these buildings is not less than that stated in balance sheet, and also high cost of professional valuation is not justified at present. Meeting, Nottingham, October 9, noon.

REGIONAL PROPERTIES—Results for year to March 31, 1980 reported July 30. Shareholders' funds £37.45m (£24.87m). Bank loan (secured) nil (£1.1m). Loan capital held at £8m. Short term deposits down from £4.08m to £850,000. Cash in hand £165,815 (£193,222). Meeting, Mayfair Hotel, London, October 6, 12 noon.

CROUCH GROUP (property development and construction)—Results for year to March 31, 1980, and prospects for current year already reported. Shareholders' funds £6.19m (£6.08m). Bank loans and overdrafts £4.86m *(£5.3m)*. Auditors cannot express opinion on loss which may eventually arise from sale of Crouch (Ireland) because of uncertainty about recovery of £282,000 due from that subsidiary. Directors consider this amount will eventually be recovered in full. Meeting, Plaisterers' Hall, EC, September 30, at noon.

WIGGIN'S CONSTRUCTION (housing development, construction)—Results for March 31, 1980, year reported August 30. *Shareholders'* funds £3.94m (£1.95m). Freehold properties held for resale £3.51m (nil). Bank overdrafts *(secured) £3.26m (£2.21m). Historic* pre-tax loss £519,000 (£533,000 profit) adjusted to £739,000 (£452,900 profit) on CCA basis. Chairman says trading conditions are satisfactory in all operations and that both house sales and construction activity are adequate. The integration of Wiggins Management Services has gone well, and rental income improves. Meeting, Institute of Directors, 116 Pall Mall, *SW, September 29, noon*.

ERSKINE HOUSE INVESTMENTS (bureaux de change, security services)—Results for year ended March 31, 1980, with prospects reported August 29. Shareholders' funds £1.39m (£1.4m). Loan capital £93,122 (£124,583). Total borrowings £466,869 (£237,211). National Car Parks holds 13.5 per cent of issued share capital. Meeting, Winchester House, EC, October 10, noon.

MEDENS TRUST *(instalment finance group)*.—Results for year ended June 30, 1980 with prospects reported August 26. The group's freehold premises were revalued as at June 30 at £132,500, an excess over cost of £102,400. Shareholders' funds £2.88m (£2.54m). Group borrowings £15.65m (£12.8m). Receivable from customers £17.74m (£15.85m). Meeting; Newport, Isle of Wight, October 21, 12.15 pm.

WILLIAM COOK AND SONS (SHEFFIELD) (steel casting manufacturer).—Results for year ended March 31, 1980 with prospects reported August 2. Shareholders' funds £1.74m (£1.5m). Bank and cash balances £252,000 (£203,000); bank overdraft £34,000 (£165,000). Capital commitments authorised but not contracted £50,000 (£250,000). Meeting, Sheffield, October 7, noon.

SECOND ALLIANCE TRUST (investment trust).—Results for year ended July 31, 1980 already known. Listed investments in UK £37.8m (£33.6m), overseas £19.24m (£13.46m); unlisted £356,000 (£242,000). Unrealised appreciation £19.64m (£13.78m). Total assets £58.47m (£49.58m). Meeting, Dundee, October 10, 11.30am.

CROSSFRIARS TRUST—Results for year to June 30, 1980, announced July 17. Shareholders' funds £10.12m *(£8.06m)*, cash at bank and on deposit £993,598 (£692,052), valuation of listed investments £9.53m (£10.47m), unlisted £3.6m (£1.9m). Meeting, Crosby *Square*, EC, October 9, 11 am.

MOUNTLEIGH GROUP (property and worsted manufacture)—Results for *year to April 30 reported* August 28 with prospects. Shareholders funds £3.37m (£2.58m), loans £1.3m (£0.64m), short-term borrowing *£2.21m (£1.76m)*. Surplus on revaluation £213,000. Meeting, Stanningley, W. Yorks, 3 pm October 2.

MINING NEWS

A cool view of gold price prospects

BY KENNETH MARSTON, MINING EDITOR

A COOL, but encouraging, outlook for gold is seen by London stockbrokers Laing and Cruickshank in their detailed review "The Gold Price 1980-84." For the rest of this year they anticipate that the price will run at around $670 per troy ounce within a range of $50 on either side. It was $669.50 yesterday.

Over the next five years they feel that the price will be relatively more stable than during the past five years. They take the view that during the past 10 years economic factors, rather than political fears, have been the prime movers in the rise in the price from under $40; in other words, gold has been catching up with general inflation.

The brokers believe that the most important single reason for suggesting greater stability in the future gold market is the formation of the European Monetary Fund and its unit of account, the European Currency unit.

In this respect, the mobilisation of central bank gold reserves will make gold "the sun around which adjustments in parities will be made." Thus central banks will be concerned to act in the free market to ensure a relatively stable price for bullion.

Laing and Cruickshank feel that after 1984 a severe depression and deflationary period could be on the cards. They say that this would not necessarily imply a fall in the paper money value of gold but rather that the price will be much more stable at the higher level. This, they add, was the situation after gold was fixed at $35 in 1934.

They are less concerned about the future supply of the metal than that which is now around, pointing to the large holdings in the form of bullion and "fake" coins which are readily interchangeable with paper money at nominal cost. A similar situation, they say, obtained in many countries before 1914.

Their argument, therefore, is that gold has already achieved a degree of monetisation and convertibility which brings with it a requirement for responsibility which cannot countenance wild price swings.

It is an interesting argument but one which seems to be a little too neat and tidy is a disorganised world. It remains to be seen whether central banks, for instance, will act in any real degree of concert when the heat is on; if political events send gold prices spinning upwards or when other causes produce weakness.

Again, world inflation is the prime moving force behind rising gold prices and, at this stage, there are doubts whether governments are willing, or capable, of stemming the tide of inflation. Sadly, it seems that this may be achieved only by heavy 1929-style world recession which might drag down the price of gold along with much else. But unless, or until, this happens gold looks like remaining a haven for money.

The mine chairmen report

WHILE the results of Consolidated Gold Fields are due to be announced today, the latest annual reports and chairmen's statements from some of the group's South African gold mines have made their appearance. Generally they make encouraging reading but in view of rising costs and gold price uncertainties the chairmen take a cautious line.

In the case of the group's leading mine, West Driefontein, Mr. Adriaan Louw points to the decline in uranium prices and anticipates lower revenue from the by-product in the current year to next June. He adds that an appreciably higher gold price will be required to maintain the previous year's record profit level and says that it is intended to reduce the disparity between the sizes of interim and final dividends.

Kloof also intends to reduce the discrepancy between dividends. Gold production is expected to be little changed this year and if the present high gold prices persist Mr. Robin Plumbridge says that it should be possible to at least maintain the past year's increased dividend.

Mr. Plumbridge confirms that both Doornfontein and Libanon now have prospective working lives of well over 20 years as a result of their acquisitions of new areas. At the same time, of course, this also means much higher capital expenditure and it will constrain dividends of Doornfontein "for a number of years." However it is hoped to increase the distribution again this year and the discrepancy between interim and final payments will be reduced.

Libanon anticipates "a moderate increase" in dividends despite the prospect of capital spending of some R94m (£51.7m) over the next six years. Mr. C. T. Fenton makes no forecast for Venterspost which is expected to produce less gold this year because of lower ore grades and which faces higher costs.

Finally, the Gold Fields group's important tin mine in Tasmania, Renison, reports a settlement of the strike which began three weeks ago.

Canadian mines recommended

BECAUSE of the long-term potential, Wood Gundy, Canada's largest investment house, recommends investors to build positions in Canadian mines during the last half of 1980, using any share price weakness that may develop as an opportunity to lower their average cost, reports John Soganich from Toronto.

Wood Gundy's analysts believe that there is likely to be a sustained period of high metal prices, high profits and buoyant stock prices in the early 1980s because even modest economic growth in the Western world will require substantial capacity increases for many of the metals.

They recommend accumulation of Brunswick Mining, Cominco, Hudson Bay Mining, Bethlehem Copper, Cyprus Anvil, Gibraltar, Placer and Sherritt Gordon. The brokers believe that many of the stocks have well over a 100 per cent appreciation potential on a one-two year basis with a 20 per cent decline possible over the next few months.

Meanwhile, owing to the current unsettled nickel market conditions and substantial capital expenditure, Falconbridge Nickel is not declaring a dividend for the third quarter of 1980. This means reduced revenue for the major shareholder, McIntyre Mines. The company paid 100 cents (35.7p) per share on June 30 and 100 cents plus an extra of the same amount on March 31.

COMFORT HOTELS

Mr. Phillip Kaye, a former director of Comfort Hotels International who remains a consultant to the group, has sold 250,000 shares.

Mr. Kaye received 3.56m shares in Comfort when his City Hotels Group was bought out in 1978.

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BIDS AND DEALS

Cowie seeks removal of three Ewer directors

T. Cowie, the Sunderland based motor dealer which earlier this year succeeded in gaining control of George Ewer and Co. after a long and acrimonious bid battle, is now seeking the removal of Mr. Henry Ewer, the chairman and managing director, Mr. Anthony Vincent, deputy chairman, and Mr. David Ewer, from the Ewer board.

Cowie made its move for Ewer just a week after Ewer launched its controversial but successful bid for Eastern Tractors — a move that Cowie was extremely critical of and tried hard to prevent.

Mr. Henry Ewer has sent a letter to shareholders seeking support and detailing the circumstances leading to the proposal to remove him and his colleagues from the board.

Mr. Ewer says that proceedings have been commenced in the High Court for the recovery of money which he claims is due to him and his colleagues following their acceptance of the Cowie cash offer.

Mr. Ewer says that on August 19 "our service agreements were terminated." Mr. Ewer intends to institute legal proceedings for alleged wrongful dismissal.

The T. Cowie directors were not available to comment yesterday.

WILKINSON MATCH

The offers by Allegheny Ludlum to acquire the ordinary and preference shares of Wilkinson Match have been declared unconditional as to acceptances, but remain open.

Acceptances of the ordinary have been received in respect of 26,071,275 shares representing 91.1 per cent of the capital. Acceptances of the preference have been received in respect of 1,314,679 shares, representing 80.5 per cent of the capital.

The Secretary of State for Trade does not intend to refer the proposed acquisition to the Monopolies Commission. However, the ordinary offer remains subject to other conditions, and the preference offer remains conditional upon the ordinary becoming fully unconditional.

Ray Trading steps up Pickles stake

Ray Trading Inc (Switzerland) has increased its holding in William Pickles and Company, the Manchester textile manufacturer. Ray's holding of the ordinary voting shares has gone up by 463,974 shares to 1,571,474, or from 16.2 per cent to 22.91 per cent. Its holding of "A" shares has increased by 807,974 to 1,964,974, or from 5.13 per cent to 8.71 per cent.

Earlier this month the Council for the Securities Industry imposed new rules for purchases through the market of more than 5 per cent of a company where the purchase was made within five days and took the buyer's stake to more than 15 per cent.

Five days' notice must now be given of such purchases under the new rules. Special exemption is made for purchases from a family or closely connected groups.

It was learned yesterday that Ray's purchase of Pickles shares was made through the market on September 10 but it was not known where the shares came from.

Pickles ordinary rose 2½p to 10p yesterday and the "A" shares 1½p to 6p.

British Land buys into J. Hepworth

British Land yesterday confirmed that it has acquired a holding of just under 5 per cent in J. Hepworth and Son, the multiple tailors.

Mr. John Ritblat, chairman of British Land, said that his company had been buying Hepworth shares at various stages in recent months. He regarded the company as a "good investment."

In July the group announced a £21m bid for United Kingdom Property and also agreed terms for an £11.1m takeover of the Corn Exchange.

HANSON/UGI

Hanson Trust has converted its entire holding of £35,000 of the 9 per cent convertible unsecured loan stock 1983-86 of United Gas Industries into 45,232 shares.

Hanson now holds 3,157,946 shares—21.72 per cent of the ordinary shares as increased by stockholders converting in the final conversion period. Hanson before the conversion period held 24.51 per cent.

BAT switches African ownership

Utico Holdings, the South African holding company with interests in tobacco and snack foods, said in Johannesburg yesterday that it was disposing of its 85 per cent interest in BAT Central Africa to Westanley Trading and Investment Company "because of the uncertainties which exist in relationships between Zimbabwe and the Republic of South Africa."

Westanley is a wholly owned subsidiary of British American Tobacco Company, which in turn is a wholly owned unit of BAT Industries of the UK.

The net result is that British-American Tobacco is switching the ownership of its Zimbabwe subsidiary from a South African to a British holding company.

The company said that the deal, in which Westanley Trading and Investment would exchange 1.5m ordinary and 0.5m deferred ordinary shares in Utico for the holding in BAT Central Africa, would result in Utico minority shareholders benefitting from a relatively larger share in Utico profits.

It would mean an increase in earnings per equity share in a full year of not less than 10 per cent, and a similar increase in net asset value per share, for Utico minorities.

Westanley's holding in Utico would be reduced from 72.7 per cent to 63.6 per cent by the arrangement, and Utico's issued share capital would be reduced by the 2m shares involved. At the prevailing share prices, the 2m shares in Utico are worth R6.25m.

MR. KHORSHEED AND PARRISH

Mr. Fuad Rashan Khorsheed, who on Monday announced the purchase of a 13.5 per cent stake in J. T. Parrish, the Newcastle department store group, yesterday published a statement that he was "no longer interested in any shares of the company."

Apparently this does not mean he has sold them to an entirely independent third party. Mr. Khorsheed's brokers, Dunkley Marshall, confirmed that the shares are now owned by a Jersey-based subsidiary of Royal Trust of Canada.

Mr. Khorsheed remains "not unconnected" with the holding but the shares are "no longer 100 per cent beneficially owned by him."

Provincial sells St. George's Laundry stake

Provincial (formerly Provincial Laundries) has sold its 16 per cent stake in St. George's Laundry.

Less than a week ago Mr. Michael Ashcroft, Provincial's chairman, said that the company was still interested in St. George's, which it had tried unsuccessfully to take over last year.

Yesterday he explained that he had attempted to talk to the new board of St. George's but a meeting had been cancelled. He then received a bid for the shares of 67p which Provincial's board had decided to accept in the face of St. George's clear wish to remain independent. Mr. Ashcroft said that he did not know the identity of the buyer.

In the market the shares rose sharply by 12p to 85p, some 20p above their level a week ago when it was announced that Mr. Peter Dellar, a property specialist, and Mr. Phillip Dobson had acquired 26.7 per cent and were joining the board.

BC LOW-GRADE GOLD PROSPECT

Canada's Consolidated Cinola Mines estimates that it will cost C$179.9m (£64m) to bring in its big-tonnage low-grade open-cut gold prospect in the Queen Charlotte islands off the British Columbia coast in which the Energy Reserves group of Kansas can earn a 50 per cent interest.

This is based on a milling operation treating 10,000 tons per day by flotation-roasting-cyanidation to recover 87 per cent of the gold. Following a three-year drilling programme, ore reserves are estimated at 35.7m short tons grading 0.055 ounces gold per ton. More recent calculations put the total at 45.4m tons, but no early decision to go to production seems likely.

ANGLO MET/WEST KENT ESTATES

Anglo Metropolitan Holdings has reached agreement to make an offer for West Kent Estates on the basis of 58 Anglo shares for each West Kent unit, valuing West Kent at about £1.3m.

The West Kent unit comprises one new share and one deferred share.

Full acceptance of the offer will call for the issue of 1.7m new Anglo shares, representing 30.6 per cent of the issued share capital as increased by the offer.

Charterhouse Japhet has underwritten a cash alternative equivalent to £40 for each existing West Kent share.

The directorso f West Kent have irrevocably undertaken to accept the offer in respect of their own and certain of their families' holdings amounting to 10.6 per cent. Irrevocable undertakings have also been given in respect of a further 15.3 per cent.

West Kent is a property company whose portfolio comprises some 170 residential units and 10 commercial units professionally valued on September 1, 1980 at approximately £1.6m on an open market basis.

Shares of Ango closed 2p lower yesterday at 74p.

HILL MINERALS CARR BOYD RIGHTS ISSUE

Australia's Carr Boyd Minerals and its associate Hill Minerals are proposing rights issues to fund increased exploration for gold, base metals, oil and gas and for general operations.

Carr Boyd proposes to raise A$4.7m (£2.3m) through a renounceable rights issue of two shares plus an attached 1 cent option for every four shares held at present at a price of 50 cents per share. The options are convertible on payment of 50 cents at any time up to June 30, 1982.

Hill Minerals intends to raise A$2.56m by issuing two shares plus an attached 1 cent option for every two shares held at present at 30 cents a share. The options are convertible at 30 cents a share up to June 30, 1982.

Carr Boyd's offer is to holders on register at October 6, while Hill Minerals' rights apply to shareholders on register at October 20. Carr Boyd were 39p and Hill Minerals 33p yesterday.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	360	16	1	37	10	52	—	355p
Com. Union	140	38	1	43	—	47	—	177p
Com. Union	160	18	14	28	—	31	—	"
Com. Union	180	6	—	14	5	19	2	"
Cons. Gold	500	93	12	118	—	138	—	589p
Cons. Gold	550	53	32	88	—	108	—	"
Cons. Gold	600	27	19	65	35	78	—	"
Courtaulds	60	4½	5	9	—	12	—	60p
Courtaulds	70	2	101	5	49	9	2	"
Courtaulds	80	1	19	2½	—	—	—	"
GEC	360	173	—	190	3	—	—	522p
GEC	390	143	30	162	—	—	—	"
GEC	500	40	24	67	26	86	—	"
GEC	550	9	32	37	—	55	—	"
Grand Met.	160	5½	49	16	—	21	—	156p
Grand Met.	180	1½	50	7	—	12	—	"
ICI	330	32	1	49	—	60	—	364p
ICI	360	12	25	29	—	36	5	"
ICI	390	3½	8	15	6	21	—	"
Land Secs.	420	6	8	22	—	37	5	388p
Marks & Sp.	90	19	—	21½	—	27	2	107p
Marks & Sp.	100	9½	1	14½	1	20½	—	"
Marks & Sp.	110	4	6	8½	15	14½	—	"
Shell	420	17	7	33	27	43	25	412p
Shell	460	5	—	18	1	30	—	"
Totals			445		172		41	
		November		February		May		
Imperial Gp.	80	7½	—	11½	20	16	—	82p
Imperial Gp.	90	2½	—	6½	113	8½	10	"
Lonrho	84	21	—	27	30	—	—	104p
Lonrho	94	14½	41	20	11	—	—	"
Lonrho	104	8	31	13½	1	—	—	"
Lonrho	114	4½	134	9	—	—	—	"
P. & O.	120	12	—	15½	3	—	—	127p
P. & O.	130	7	1	10	—	15	—	"
P. & O.	140	3½	—	6½	1	11	—	"
Racal Elec.	220	115	—	—	6	—	—	324p
Racal Elec.	280	56	—	70	—	83	2	"
Racal Elec.	300	38	1	56	—	68	—	"
Racal Elec.	330	19	9	38	1	56	—	"
Racal Elec.	360	8	2	24	1	36	—	"
RTZ	460	38	8	62	—	78	—	477p
RTZ	500	15	4	40	1	57	—	"
Totals			231		187		12	

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	51	Airsprung	51	—	6.7	13.1	3.0
50	21	Armitage and Rhodes	22	—	1.4	6.4	9.1
172	92½	Bardon Hill	172	+2	9.7	5.6	6.5
100	74	County Cars 10.7% Pf.	74	—	15.3	20.7	—†
101	63	Deborah Ord.	97	—	5.5	5.7	4.8†
126	88	Frank Horsell	123	—	7.9	6.4	3.9
129	66	Frederick Parker	66	—	11.0	16.7	3.0
156	84	George Blair	84	—	16.5	19.6	—
84	45	Jackson Group	83	—	6.0	7.2	3.2
153	103	James Burrough	120	+2	7.9	6.6	9.8
305	242	Robert Jenkins	305	—	31.3	10.2	—
232	175	Torday	221	—	15.1	6.8	3.8
34	10	Twinlock Ord.	11¾	—	—	—	—
90	70	Twinlock 15% ULS	84	—	15.0	17.9	—†
56	23	Unilock Holdings	45	−1	3.0	6.6	6.9
101	42	Walter Alexander	101	—	5.7	5.6	5.6
245	136	W. S. Yeates	245	—	12.1	4.9	4.0

† Accounts not prepared under provisions of SSAP 15.

BHG lower at six months

A PLANNED reduction in hide-dealing activities, combined with a downturn in demand for consumer products, has left Barrow Hepburn Group, leather processor, with reduced turnover of £15.94m against £19.14m for the first six months of 1980 and pre-tax profits down from £1.46m to £1.02m.

Operating profits fell from £1.52m to £1.16m, although the directors say satisfactory margins were obtained. The taxable surplus includes a profit of £252,000 from the sale for £505,000 of trade investments principally comprising South American tanning interests, and is also struck after lower interest chrages of £136,000 (£255,000) and an associate loss of £255,000 (£192,000 profit).

The associate loss arises in Le Tanneur, a 41 per cent-owned French company which the directors say has suffered a sharp reverse as a result of falling demand and the almost unprecedented rate of decline in the world price of hides.

Earnings, after tax of £319,000 (£500,000), are shown as 2.69p (3.74p) per 25p share, and the interim dividend is held at 0.8p net, absorbing £194,000 (same). Last year's total dividend was 2.2p

The directors say an offer of £700,000, payable on October 1, 1980, has been accepted for the group's 40 per cent holding in Colyer Watson Holdings, a New Zealand company engaged mainly in hide dealing, which made a loss in the half year to March 31.

The sale, if approved, will give rise to an extraordinary profit of £170,000 over the carrying value which will be included in the full-year accounts.

● comment

Disposals go on at Barrow Hepburn and the group's policy of reducing its dependence on tanning and hide-dealing appear amply vindicated by Monday's dramatic profits collapse at Pittards and the sharp swing into loss of Barrow's own "Le Tanneur" associate. The cumulative effect of these asset sales will be to leave the group with a sizeable cash surplus by the year-end—barring a sizeable acquisition. The major subsidiary in Italy, which suffered from a damaging strike in the first half of last year, has held up well and, assuming some catch-up in the hide operations, Barrow could match last year's profit of £3m. Judicious acquisitions could put the company back on a growth path over the next few years but the market is taking a cautious view. Down 2p at 25p yesterday, the shares trade on a prospective p/e of only 4.3, fully taxed. The yield is 13 per cent on a maintained final.

Yearlings down to 14¼%

The interest rate on this week's batch of yearling bonds is down ¼ per cent to 14¼ per cent. They have been issued at par and are redeemable on September 23, 1981.

The issues are: Rushcliffe BC (£0.5m); Bolsover DC (£0.35m); Kerrier DC (£0.5m); City of Manchester (£1.75m); Hereford City Council (£0.5m); City of Leeds (£1m); Newark DC (£0.5m); Halton BC (£0.5m); City of Bristol (£1.5m); London Borough of Hillingdon (£1m); City of Salford (£0.75m); West Dorset DC (£0.5m); Wycombe DC (£1m); Wigan Metropolitan DC (£0.5m); Greater London Council (£2.5m); Cleveland CC (£0.5m); Hastings BC (£0.75m); City of Sheffield (£1.25m); South Derbyshire DC (£0.5m); Tamworth BC (£0.25m); Woodspring DC (£0.25m).

Kilmarnock and Loudoun DC has raised £0.5m by way of 13¾ per cent bonds, repayable at par on September 11, 1985.

CURRENCIES, MONEY and GOLD

Sterling weak

Sterling lost ground in nervous but inactive foreign exchange trading yesterday. Fears about the implications of a national dock strike and expectations of a fall in Bank of England Minimum Lending Rate in the near future depressed the pound in an otherwise featureless market. Sterling opened at $2.3870-2.3880, and fell to a low of $2.3790-2.3800 in early trading. The highest level touched was $2.3900-2.3910, but the pound was steady around $2.3875 for most of the day, and closed at $2.3865-2.3875, a fall of 1 cent from Monday. Its trade-weighted index eased to 75.5 from 75.6, according to the Bank of England, after standing at 75.4 at noon and in the morning.

The dollar's index, as calculated by the Bank of England, fell to 83.3 from 83.4.

The U.S. currency traded within a very narrow range, rising to DM 1.7840 from DM 1.7830 against the D-mark, to SwFr 1.6340 from SwFr 1.6325 in terms of the Swiss franc, and falling to Y211.50 from Y212.60 against the Japanese yen.

D-MARK — One of the weaker members of the European Monetary System of late, but showing signs of recovery against the dollar following doubts about the future trend in U.S. interest rates and Federal Reserve monetary policy ahead of the Presidential election — The D-mark showed little change against its EMS partners at the Frankfurt fixing, but lost ground to the dollar and Swiss franc. The Bundesbank did not intervene when the U.S. currency rose to DM 1.7838 from DM 1.7831, while sterling fell to DM 4.2550 from DM 4.2710.

DANISH KRONE — Remaining quite firm around the middle of the EMS after two devaluations in 1979 — Denmark's trade deficit narrowed to Kr. 1.76bn in July from Kr 2.55bn in June, leaving the shortfall from January to July at Kr 12bn, compared with Kr 11.1bn for the same period of 1979. The krone was slightly firmer against other members of the EMS at the Copenhagen fixing, but lost ground to the dollar, Swiss franc, Swedish krona and Norwegian krone.

ITALIAN LIRA — Weakest member of the EMS, reflecting high inflation and balance of payments problems, and further undermined by rumours of devaluation—Italy's trade deficit widened to a record L1.767 trillion in July from L1.011 trillion in June, and compared with only L386.1bn in July last year. The lira showed mixed changes at the Milan fixing, with the dollar rising to L848.80 from L845.35, while sterling fell to L2,023.40 from L2,030.50. The guilder, strongest member of the EMS, was unchanged, but the D-mark and French franc rose against the lira.

JAPANESE YEN—Advancing steadily since the middle of last month, helped by the general weakness of the dollar and the relatively successful fight against inflation which allowed a cut in the central bank discount rate —The yen was very firm in active Tokyo trading. The dollar closed at an 18-month low of Y211.85, compared with Y214.70 on Friday, and after opening at Y213.00. It was estimated that the Bank of Japan bought $200m to support the dollar, mainly in the last half hour of trading, the first significant intervention by the central bank for about four months. Buying of Japanese securities by oil producing countries was suggested as a possible reason for the yen's sharp improvement.

THE POUND SPOT AND FORWARD

Sept. 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3790-2.3910	2.3865-2.3875	1.12-1.02c pm	5.38	2.10-2.00 pm	3.43
Canada	2.7740-2.7845	2.7815-2.7825	1.60-1.50c pm	6.68	3.30-3.20 pm	4.67
Nethlnd.	4.61-4.64½	4.62¾-4.63¾	2⅝-1⅝c pm	5.50	5⅞-4⅞ pm	4.54
Belgium	68.05-68.45	68.27-68.37	30-20c pm	4.39	55-45 pm	2.93
Denmark	13.12-13.17	13.14½-13.15½	⅝-2⅜ore dis	−1.37	9¾-11½ dis	−3.23
Ireland	1.1280-1.1360	1.1305-1.1315	0.34-0.26p pm	3.18	0.44-0.36 pm	1.41
W. Ger.	4.24-4.27	4.25½-4.26½	3½-2½pf pm	8.10	7¼-6¼ pm	6.81
Portugal	118.20-118.90	118.50-118.70	20c pm-20 dis	—	10pm-105dis	−1.60
Spain	174.95-175.50	175.05-175.15	60-115c dis	−6.00	250-330dis	−6.62
Italy	2021-2028	2025½-2026½	5¾-7¾lire dis	−3.70	37¾-40¼dis	−7.75
Norway	11.50-11.56	11.52½-11.53½	4⅞-3⅞ore pm	4.29	8¼-7¼ pm	2.77
France	9.87-9.91	9.89½-9.90½	4½-3½c pm	4.85	8½-7½ pm	3.33
Sweden	9.89-9.93	9.90-9.91	par-¾ore dis	−0.45	3½-4½ dis	−1.56
Japan	502-512	504½-505½	2.00-1.55y pm	4.22	4.95-4.40pm	3.70
Austria	30.05-30.20	30.12-30.17	14-11gro pm	4.97	29-24 pm	3.52
Switz.	3.89-3.92	3.89¾-3.90¾	4-3c pm	10.76	9⅞-8⅞ pm	9.61

Belgian rate is for convertible francs. Financial franc 68.80-68.90. Six-month forward dollar 2.70-2.60c pm. 12-month 3.20-3.10c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3790-2.3910	2.3865-2.3875	1.12-1.02c pm	5.38	2.10-2.00 pm	3.43
Ireland†	2.1100-2.1120	2.1100-2.1120	0.45-0.35c pm	2.27	1.15-1.05 pm	2.08
Canada	1.1655-1.1669	1.1660-1.1663	0.18-0.13c pm	1.59	0.38-0.33 pm	1.22
Nethlnd.	1.9375-1.9398	1.9385-1.9395	0.15-0.05c pm	0.62	0.65-0.55 pm	1.24
Belgium	28.60-28.62½	28.60-28.62	1-2½c dis	−0.73	1-3 dis	−0.28
Denmark	5.5090-5.5150	5.5090-5.5105	3.30-3.80ore dis	−7.73	9.0-9.50 dis	−6.71
W. Ger.	1.7825-1.7850	1.7835-1.7845	0.46-0.42pf pm	2.96	1.57-1.52 pm	3.48
Portugal	49.63-49.80	49.65-49.70	15-30c dis	−5.43	40-85 dis	−5.03
Spain	73.42-73.58	73.42-73.48	60-80c dis	−11.44	170-200dis	−10.07
Italy	848.35-849.00	848.65-848.95	6¾-7¾lire dis	−9.54	23-25 dis	−11.31
Norway	4.8280-4.8305	4.8285-4.8300	0.60-1.10ore dis	−2.11	0.80-1.30dis	−0.87
France	4.1440-4.1470	4.1445-4.1460	0.08-0.18c dis	−0.38	.02pm-.10di	−0.04
Sweden	4.1445-4.1550	4.1485-4.1500	2.10-2.30ore dis	−6.36	5.25-5.45dis	−5.16
Japan	211.30-212.80	211.45-211.55	0.15-0.30y dis	−1.28	0.15pm-par	0.14
Austria	12.62-12.63½	12.62-12.63	0.10-0.70gro dis	−0.38	1.00pm-.76dis	0.04
Switz.	1.6325-1.6370	1.6335-1.6345	0.86-0.81c pm	6.13	2.61-2.56 pm	6.33

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Sept. 16	Bank of England Index	Morgan Guaranty Changes%
Sterling	75.5	−30.5
U.S. dollar	83.3	−10.1
Canadian dollar	80.5	−17.3
Austrian schilling	155.9	+24.4
Belgian franc	115.1	+13.4
Danish kroner	105.7	−4.5
Deutsche mark	154.3	+43.6
Swiss franc	197.7	+80.0
Guilder	126.2	+20.2
French franc	101.0	−6.0
Lira	52.6	−51.6
Yen	134.5	+32.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Sept 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.551675	0.592070
U.S. $	10	1.32082	1.41801
Canadian $	10.73	1.53809	1.64971
Austria Sch	6¾	16.6727	17.9165
Belgium F	12	37.7821	40.5550
Danish K	13	7.27640	7.81890
D'mark	7½	2.35515	2.52902
Guilder	9	2.56041	2.74810
French Fr	9½	5.47678	5.87695
Lira	15	1120.45	1202.90
Yen	8.25	unavail.	299.438
Norwgn. Kr.	9	6.37296	6.83834
Spanish Pts.	8	96.8610	104.004
Swedish Kr.	10	5.49329	5.89438
Swiss Fr.	3	2.15914	2.31773

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5317	+1.86	+0.76	±1.53
Danish Krone	7.72336	7.80566	+1.07	−0.03	±1.64
German D-Mark	2.48208	2.52728	+1.82	+0.72	±1.125
French Franc	5.84700	5.87408	+0.46	−0.64	±1.3557
Dutch Guilder	2.74362	2.74686	+0.12	−0.98	±1.512
Irish Punt	0.668201	0.671232	+0.45	−0.65	±1.668
Italian Lira	1157.79	1202.37	+3.85	+2.84	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Sept. 16	£	$		£ Note Rates
Argentina Peso	4573-4593	1919-1926	Austria	30.00-30.30
Australia Dollar	2.0345-2.0385	0.8520-0.8525	Belgium	68.40-69.00
Brazil Cruzeiro	136.67-136.67	56.54-56.74	Denmark	13.12-13.22
Finland Markka	8.5890-8.8960	3.5400-3.5410	France	9.84-9.91
Greek Drachma	101.778-104.238	43.55-43.70	Germany	4.24-4.27½
Hong Kong Dollar	11.80¾-11.82¾	4.9445-4.9465	Italy	2005-2105
Iran Rial	n.a.	n.a.	Japan	506-512
Kuwait Dinar(KD)	0.633-0.639	0.2669-0.2670	Netherlands	4.61-4.64½
Luxembourg Frs.	68.27-68.37	28.60-28.62	Norway	11.49-11.59
Malaysia Dollar	5.0425-5.0525	2.1125-2.1145	Portugal	118¾-126
New Zealand Dlr.	2.4235-2.4285	1.0150-1.0160	Spain	170-178
Saudi Arab. Riyal	7.88-7.94	3.3190-3.3210	Sweden	9.89-9.99
Singapore Dollar	5.0435-5.0535	2.1130-2.1150	Switzerland	3.88-3.91
Sth. African Rand	1.7960-1.7975	0.7525-0.7530	United States	2.3835-2.3935
U.A.E. Dirham	8.76-8.82	3.6885-3.6905	Yugoslavia	70-73

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Sept. 16	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.387	4.260	505.0	9.900	3.903	4.633	2026.	2.782	68.32
U.S. Dollar	0.419	1.	1.785	211.6	4.147	1.635	1.941	848.8	1.165	28.62
Deutschemark	0.235	0.560	1.	118.5	2.324	0.916	1.087	475.6	0.653	16.04
Japanese Yen 1,000	1.980	4.727	8.436	1000.	19.60	7.728	9.173	4012.	5.509	135.3
French Franc 10	1.010	2.411	4.303	510.1	10.	3.942	4.679	2046.	2.810	69.01
Swiss Franc	0.256	0.612	1.092	129.4	2.537	1.	1.187	519.2	0.713	17.51
Dutch Guilder	0.216	0.515	0.920	109.0	2.137	0.842	1.	437.3	0.601	14.75
Italian Lira, 1,000	0.494	1.178	2.103	249.3	4.886	1.926	2.287	1000.	1.373	33.72
Canadian Dollar	0.359	0.858	1.531	181.5	3.559	1.403	1.665	728.3	1.	24.56
Belgian Franc 100	1.464	3.494	6.235	739.2	14.49	5.712	6.781	2965.	4.072	100.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 16)

3 months U.S. dollars		6 months U.S. dollars	
bid 12	offer 12 1/8	bid 12 1/2	offer 12 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Sept. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	18¾-19	10¾-11	9-10½	10¼-10⅝	2-2½	8¼-8⅝	11½-11¾	14-18	10⅞-11	14½-15
7 days' notice	16⅝-16⅝	10⅞-11⅛	9-10½	10 5/16-10½	2¼-2¾	8¼-8⅝	11½-11¾	16-20	11-11⅛	12¼-12½
Month	18½-18¾	12¼-12½	9¾-10⅛	10⅛-10⅝	5⅜-5⅞	8 7/16-8 11/16	11 13/16-12 1/16	19¾-21¼	11 9/16-11 11/16	12¼-12½
Three months	15¾-16	11⅞-12⅛	10⅜-10¾	10⅜-10¾	5½-5⅝	8 7/16-8 11/16	12-12¼	23-24	11 15/16-12 1/16	11⅝-11⅞
Six months	15-15¼	12⅜-12⅝	11⅛-11½	10⅝-10¾	5¾-5⅞	8⅜-8⅞	12⅜-12⅝	25-26	12 5/16-12 7/16	10⅝-10⅞
One Year	14⅛-14⅜	12 7/16-12 11/16	11⅝-12	10 7/16-10⅝	5⅝-5¾	8¼-8⅝	12⅝-12⅞	24-25	12½-12⅝	9⅝-9⅞

Long-term Eurodollar two years 12½-12¾ per cent; three years 12½-12¾ per cent; four years 12 11/16-12 13/16 per cent; five years 12 11/16-12 13/16 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 11.15-11.25 per cent; three-months 11.80-11.90 per cent; six-months 12.15-12.25 per cent; one year 12.45-12.35 per cent.

INTERNATIONAL MONEY MARKET

European rates steady

Interest rates showed little overall change in European markets yesterday although short-term funds were slightly more expensive in places, compared with Monday. Call money in Paris rose to 11⅞ per cent, its highest level since the beginning of August, and up from Monday's level of 11½ per cent. One and three-month mony were 1/16 of a point firmer, with longer term rates unchanged. In Frankfurt interbank money rates were steady, even though heavy transfers of tax revenue are expected to create a shortage. Call money remained at 9.30-9.40 per cent, with longer term rates up to six-months also unchanged.

In Amsterdam short term money eased slightly to 9⅞-10⅛ per cent from 10⅛-10⅜ per cent, and one-month money was unchanged at 10⅛-10⅜ per cent. Meanwhile applications for the latest batch of five-year Treasury bills close on Thursday, with payment day being September 19. The Finance Ministry is to announce the amount of Treasury bills and the interest rate on the same day.

In New York Treasury bill yields were generally lower despite a rise in the latest industrial production index. Thirteen-week bills were quoted at 10.45 per cent from 10.638 per cent at Monday's auction.

MONEY RATES

NEW YORK	
Prime Rate	12¼
Fed. Funds	12¼
Treasury Bills (13-week)	10.50
Treasury Bills (26-week)	10.77
GERMANY	
Discount Rate	7.50
Overnight Rate	9.35
One month	9.20
Three months	9.05
Six months	8.95
FRANCE	
Discount Rate	9.5
Overnight Rate	11.75
One month	11.6875
Three months	11.9125
Six months	12.0625
JAPAN	
Discount Rate	8.25
Call (Unconditional)	11.375
Bills Discount (three-month)	11.46875

UK MONEY MARKET

Large help

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised moderate purchases of Treasury bills both from discount houses and banks, and a small number of local authority bills. The authorities also entered into another sale and repurchase agreement on a small number of commercial bills. In addition they lent a small amount to three or four houses at MLR, for repayment today.

In the interbank market, overnight loans opened at 16½-16¾ per cent and rose on the forecast to 17¼-17½ per cent. By early afternoon however, rates had fallen back to 16¼-16½ per cent, but rose once more to 17¼-17½ per cent, before easing at the close to around 15½ per cent.

GOLD

Little change

Gold closed unchanged at $668-671 in the London bullion market yesterday. Trading was quiet, with the metal finishing around its best level of the day, after opening at its low of $667-670. Gold was fixed at $668.00 in the morning and afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 88,100 per kilo ($660.84 per ounce) in the afternoon, compared with FFr 88,100 ($660.88) in the morning, and FFr 89,000 ($667.59) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 38,435 per kilo ($669.97 per ounce), compared with DM 38,745 ($675.98) previously, and finished at $667-670, against $666-668.

In Zurich gold closed at $667-670 compared with $671-674.

	Sept. 16		Sept. 15	
Gold Bullion (fine ounce)				
Close	$668-671	(£279¾-281)	$666-671	(£279-280½)
Opening	$667-670	(£279¾-281)	$675-678	(£283¾-284¼)
Morning fixing	$668	(£280.002)	$672.50	(£280.675)
Afternoon fixing	$668	(£279.556)	$666.5	(£278.463)
Gold Coins				
Krugerrand	$668-690	(£288-289½)	$689-691	(£288-289½)
Mapleleaf	$682-686	(£285½-288½)	$684-687	(£286-288)
New Sovereigns	$170-171	(£71-71¾)	$170½-171½	(£71¼-72¼)
King Sovs	$197½-199½	(£82½-83½)	$199-202	(£83-84)
Victoria Sovs	$197½-199½	(£82½-83½)	$199-202	(£83-84)
French 20s	$167-169½		$167-170	
50 pesos Mexico	$827-830		$834-837	
100 Cor. Austria	$649-653		$650-663	
$20 Eagles	$782-785		$784-787	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

Sept. 15 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15½-17½	—	—	—	16¾-	15½-16	—	—	—
2 days notice	—	—	16⅝-16¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17-17⅛	16⅝-16¾	—	17	17¼-17¾	15½-15¾	—	—	—
One month	16⅝-16½	16 11/16-16 9/16	16½-15¾	17⅜-17⅝	17	17¼	15½-15⅝	14 13/32-14 11/32	16⅜	17
Two months	16 5/16-16 1/16	16⅛-15¼	—	16½-17	16 9/16	—	14¾-15⅛	14 13/32-14 11/32	15 15/16-15 11/16	16½
Three months	15⅞-15 11/16	15 15/16-15 11/16	15¾-15⅞	15¾-15¼	16⅛	16½	14¼-14¾	14⅜	15 1/32	15⅞
Six months	14⅞-14 11/16	14⅞-15	14⅞-15	14¾-15	15⅜	15⅝	—	—	13⅞	14½
Nine months	14⅛-13 7/8	14⅛-14⅜	—	14⅜-14¾	14⅝	15	—	—	—	—
One Year	13 13/16-13 11/16	13⅞-14	13⅞-14	13¾-14⅛	14⅜	14¾	—	—	—	—
Two years	—	—	13¾-13⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅞ per cent; four years 13¾ per cent; five years 13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14 11/16 per cent; four-month trade bills 15⅝ per cent.

Approximate selling rate for one-month Treasury bills 14 5/16-14 11/32 per cent; two-months 14 5/16-14 11/32 per cent; three-months 14¼ per cent. Approximate selling rate for one-month bank bills 15¾ per cent; two-months 15 23/32-15 11/32 per cent; three-months 15 7/32-15 7/16 per cent; one-month trade bills 16¾ per cent; two-months 16¼ per cent; and three-months 15⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from September 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.4024 per cent.

Companies and Markets

INTL. COMPANIES & FINANCE

VTR sales lead Sony profit increase

BY RICHARD C. HANSON IN TOKYO

COMBINED SALES of home video tape recorders (VTRs) and video tapes replaced colour television sets as Sony Corporation's largest selling products in the third quarter, ended July 31 and contributed strongly to an increase of 173.9 per cent in consolidated net profit to a record Y16.3bn ($76.7m).

Net profit for the first three quarters was up by 270 per cent to Y51.2bn. and the company expects full year profit to be up to a record Y60bn. 300 per cent higher than last year.

The jump in profit was attributed partly to the favourable turn in the yen's exchange rate. Foreign exchange contributed $23m to profit, compared with a $33m loss in the third quarter of 1979 when U.S. accounting rules created large translation losses.

The main factor behind the increase was a strong gain in consolidated sales, led by home video tape equipment and tapes. Sales for the quarter were up 33.6 per cent to Y651.2bn, exceeding the previous full year's record.

VTR equipment and tapes accounted for more than 30 per cent of the consolidated sales total against 25 per cent in the third quarter last year. VTR set sales were up about 68 per cent, while television sales (28 per cent of the total) rose a more moderate 18.4 per cent.

The biggest increases, including those for VTRs, were in overseas sales which rose 52.5 per cent to take a 68.3 per cent share of all Sony sales. Domestic sales, gained only 4.5 per cent, partly the result of a general slowdown in the growth rate of consumer spending in Japan.

Sony remains the largest single producer of home VTRs in the world, despite the fact that its Betamax system has dropped to second place against the VHS system developed by JVC (Victor Company of Japan). The JVC system has attracted more manufacturers (including Matsushita Electric Industrial) and sales outlets.

Among Sony's other product lines, tape recorder and radio sales showed the biggest gain at 26 per cent. These were helped somewhat by the success of a small portable stereo player, called Walkman. Sales are running at an annual rate of about 2m sets, compared with the projection of about 30,000 sets a year when the product was introduced last year.

Consolidated sales for the full year, after a fourth quarter performance equal to the third's, are expected to be around Y850bn against Y643.5bn last year.

Meanwhile, Sony has recaptured the interest of foreign investors. Foreign ownership fell to about 12 per cent late last year (compared with an all-time high of 47 per cent several years ago) but was back to 30 per cent at the end of the latest quarter.

Tata Steel lays finance plans

BY P. C. MAHANTI IN CALCUTTA

TATA Iron and Steel Company, India's only private sector steel manufacturer, is shortly to undertake substantial foreign borrowing to finance the import of key equipment for its Rs 2bn ($250m) modernisation programme, which has been cleared by the Government. The total amount of foreign loans to be raised is Rs 550m partly from the International Finance Corporation, Washington, and partly from London, through Lazard Brothers in association with a syndicate of British banks.

Basic oxygen process steel melting shops are to be imported to replace obsolete open hearth furnaces, as is a continuous casting unit to modernise the mill section. The steel melting shops will be imported from Davy McKee, the industrial equipment makers and engineering consultants of the UK. The continuous casting unit will be made by Concast of Zurich.

Project letters of intent were issued to these in anticipation of the Government's clearance and orders will be placed soon, Mr. Russi Mody, vice-chairman and managing director of Tata Steel says.

The oxygen plant will be made by Indian Oxygen, the Indian offshoot of British Oxygen.

The modernisation programme is due to be completed in four years at the latest. Apart from modernising the steel melting and rolling sections of the plant, the programme is likely to add 216,000 tonnes to the existing crude steel capacity of 2m tonnes.

Tata Steel has, however, shelved its doubling of the plant capacity programme for financial reasons, and for lack of encouragement from the Government. The company had a project report prepared by a leading Japanese steel making concern.

In addition to the modernisation programme, the company has launched a Rs 1.45bn plant rehabilitation programme to renovate and recondition as much of bte other old equipment of the 70-year-old plant as is necessary. The idea is to improve internal efficiency by toning up the quality of raw material inputs, power generation within the plant, and renewal and replacement of worn-out equipment.

The most significant part of this programme is colliery development, with a view to making Tata Steel self-sufficient in coking coal supplies. A scheme to make the plant self-sufficient in power supplies has also been put in hand.

The company has been producing from its own Collieries 50 per cent of its coking coal needs and 70 per cent of its power requirements. Self-sufficiency in these areas would greatly strengthen the economics of the plant operations.

Even with a 50 per cent dependence on outside supplies of coking coal, and mostly with old equipment, Tata Steel has produced 100 per cent of its finished steel capacity over the past several years, while the public sector plants have produced an average of only 50 per cent to 60 per cent of their rated capacity.

Adelaide Steamship ahead

BY OUR SYDNEY CORRESPONDENT

ADELAIDE STEAMSHIP COMPANY, the diversified industrial group, is lifting its dividend from 10 cents to 12 cents a share after a 60 per cent jump in earnings to A$12.5m (US$14.6m) in the year to June. Moreover, the directors have forecast a payout of at least 14 cents a share for the current year, as a result of further significant growth.

The improved profit resulted principally from expansion and increased operating efficiency throughout the group, the directors said.

In the year the company acquired material holdings in Clark Rubber (49.27 per cent), David Jones (18.13 per cent), and Bruck (Australia) (16.01 per cent). The result was achieved despite a jump in income tax from A$1.6m to A$3.6m.

Group turnover was 28.2 per cent higher, at A$137.3m, while investment and other income rose from A$4.5m to A$5.5m.

Albany Advertiser goes public

By James Forth in Sydney

Mr. Robert Holmes à Court, the West Australian businessman, has disclosed plans for a public flotation of a company which will publish a new weekly newspaper in Perth. The new company will be known as Western Mail and will be created through a major reconstruction of Albany Advertiser (1932), the unquoted company controlled by Mr. Holmes à Court. Albany already produces a provincial newspaper and operates country radio stations.

Albany Advertiser will split its A$1 shares into 50 cent units and make a two-for-one scrip issue, to bring the number of shares in issue to 4.84m. A further 5.16m shares will then be issued at A$1.20 each (around US$1.40), which will be equal to the net asset backing of the company. Some 3.7m shares will be offered to the public, the remainder being placed with Bell and TVW.

The name of the company will be changed to Western Mail and the new shares will be available to the Western Australian public. The issue will be underwritten by the Perth sharebroker, D. J. Carmichael, and Mr. Holmes à Court said it was a condition of the underwriting agreement that the shares were placed with at least 5,000 Western Australians.

Mr. Holmes à Court will have a strong interest in Western Mail through Bell Group, which he controls, and the television group, TVW, in which he recently acquired a stake and board representation. Bell Group and TVW will each own 30 per cent of Western Mail after the construction. The new company will publish a weekly newspaper to be called Western Mail.

Mr. Holmes à Court said that stock exchange listing would be sought for the company which was expected to be profitable in its first full year of operations despite the start up costs associated with the new newspaper.

The directors expected to pay a dividend of 2.5 cents a share on the enlarged capital, which is equivalent to 15 cents a share on the present capital. Mr. olmes à Court, through Bell Group, recently made an unsuccessful partial takeover bid for Rolls-Royce Motors.

Sharp rise at Carlsberg Malaysia

By Wong Sulong in Kuala Lumpur

FIRST HALF profits for Carlsberg Brewery Malaysia rose by 33 per cent to 5.8m ringgit ($2.5m) before tax, reflecting the healthy performance of the beer and stout industry in Malaysia and Singapore.

Turnover rose by 28 per cent to 47.7m ringgit. After tax profit was 30 per cent higher at 4.2m ringgit.

Carlsberg is now concentrating fully on the beer market after abandoning its efforts to break into the stout market, which is dominated by Guinness Malaysia Berhad.

It launched a new canned beer in July. Reception has been "excellent" although this line is not expected to contribute significantly to this year's earnings.

The directors expect the second half to be equally buoyant, and the interim dividend is maintained at 10 per cent.

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Facing a crisis of confidence

BY GILES MERRITT IN BRUSSELS

THE CAREFULLY-WORDED statement released last week by Belgium's second largest bank, the Banque Bruxelles Lambert (BBL), immediately triggered a flurry of selling in BBL shares and no less urgent calculations assessing the bank's position by other financial institutions in Brussels.

For the bank had announced that when its financial year ends on September 30 there will be a "marked reduction" in profits, and had also made it known that it does not propose to pay a dividend.

Mirroring this bad news, which reverses the positive trend achieved by BBL since it was formed in 1975 by the *merger of* Banque de Bruxelles with Banque Lambert, the bank unveiled a determined cost-cutting drive involving across-the-board reductions in employees' pay.

If confidence is to a bank what petrol is to the internal combustion engine, Banque Bruxelles Lambert appeared in Belgian eyes to have selected almost the worst possible way of announcing that it has been going through a difficult period.

The banking sector in Belgium is well aware that there are attenuating reasons for BBL's poor 1979-80 results, and most are now calculating with probable accuracy that net profits will be about half of the 1978-79 figure of BFr 705m ($24.6m). But to outsiders, the situation appears grim and the bank's inability to disclose the etxen of its profits drop was a *major factor*.

The key to BBL's actions,

	Net profit	Balance sheet total
	BFr(m)	BFr(bn)
1976	265	381
1977	594	429
1978†	702	493
1978*	431	526
1979	705	612

* 6 months ended Sept.
† year ended March

however, is that it is arguably less concerned at present with outside reactions than the internal consumption of the 85 per cent of its staff that is strongly unionised. And that says as much about the current state of Belgian banking as it does about Banque Bruxelles Lambert.

BBL is overmanned, and has been since the day of its creation as a major new banking group. The payroll then was 12,800, and although the management reckoned this to be about 1,000 people too many, times were good and only about 300 jobs have since been shed.

But Belgium is also over-banked as a country, and now, with recession, BBL's objectives are to cut back hard on unnecessary wage and running costs. Combined with salary cuts that will in effect really just cut back on index-linked wage rises, the bank is pushing for early retirements and part-time working by women that will lop "several hundred" more jobs off the payroll.

The decision to pay no dividend and to risk speculation over BBL's present health arose from the need to impress the Belgian trade unions. Profits have apparently been picking up at BBL since early summer, but the damage for the current year was wrought in the last quarter of 1979 and the first quarter of 1980 by the outflow of smaller deposits to neighbouring Holland. During a tense six- to seven-month period, before interest rates between the two neighbouring countries became equalised, all Belgian banks lost sight deposits and savings to Dutch competitors which could offer interest rates of around 13 per cent as against the Belgian equivalent then of about 7 per cent.

BBL, with its financial year neatly bracketing that problem period, has been unable to spread that damage over two accounting periods in the way that Belgium's largest and third largest banks, Societe Generale de Banque and Kredietbank, respectively, have.

BBL's stature as a major Belgian banking institution remains unimpaired by a year of poor profit performance. The group, after all, has a solid 22 per cent of all banking business in Belgium, and figures among the world's top ten banks in terms of volume of Eurocredits for which it is lead or co-lead manager.

The likely financial result for 1980, in terms of profits and possibly of the total balance sheet, will nevertheless jar the earnings progress of recent years.

Banque Bruxelles Lambert's efforts to recover the former trend are expected to put a growing emphasis on its international operations, the latest of which has been the opening of a sizeable Milan operation as part of a policy of serving Belgium's EEC-based export trade.

RVI sees end to heavy losses

BY TERRY DODSWORTH IN PARIS

RENAULT Vehicules Industriels (RVL), the hard-pressed commercial vehicle subsidiary of the Renault motor group, expects to break out of the period of heavy losses which followed its formation and reach financial stability during the current year.

The improvement in the group's prospects comes as a surprise after indications earlier in the year that high interest rates were combining with RVI's heavy indebtedness to undermine its results. But M. Francois Zanotti, the chairman, now says that the company should be back to break-even point in 1980 unless there is a dramatic deterioration in truck markets.

Improvements in French commercial vehicle sales, which increased by 7 per cent in the *seven months to the end of July*, have clearly played an important part in the upturn at RVI. But the company is also beginning to see the benefits of the difficult programme of intergration which followed the merger of Berliet and Saviem in the mid' 1970s.

Speaking at a press conference at the group's manufacturing headquarters near Lyon, M. Zanotti admitted that the upheaval caused by the total reorganisation of the business had caused a slide in delivery qualtiy. This deterioration had now been stopped, however, and was one of the factors behind an increase in market share from 41 to 43 per cent during the seven months.

M. Zanotti added that the company had now overcome the dislocation involved in the merger of the Berliet and Saviem dealership organisations and was benefiting from the modernisation of the vehicle range. Only eight dealerships had been lost from the network during a wide-ranging programme of takeovers and mergers.

RVI has also pushed up its exports this year by a little over 50 per cent to reach 18,000 units by the end of August. During the same period, production has increased by about 35 per cent to 35,000 units, although some of this difference is accounted for by output losses due to strikes last year.

While the group expects export markets to ease in the next few months, it can look forward to rapidly increasing sales through Mack, its U.S. partner, which will sell about 2,000 Renault vehicles this year, and *is aiming for a target of 13,500* in 1984.

RVI's financial position will also benefit this year from a new agreement under which the parent car company is taking a 75 per cent stake in the Batilly light commercial vehicle plant formerly owned by Saviem. This means that RVI will shed some of the heavy debts which have weighed down *the group since its formation*.

M. Zanotti said that investment would be going up to Ffr 700m ($170m) a year until 1985 compared with an annual Ffr 500m during the last five years.

Icelandair looks for Luxair link

By Jon Magnusson in Reykjavik

ICELAND'S small transatlantic carrier, Icelandair, is fighting hard for its existence and is hoping to find a new way or a new partner to revitalise its once-lucrative Luxembourg-to-New York route.

The Minister of Transport, Mr. Steingrimur Hermannsson, leaves for Luxembourg today to talk to the Luxembourg Government about the possibility of forming a new joint transatlantic airline company, based on Icelandair and tiny Luxair.

Icelandair, which in its heyday flew more than 240,000 passengers a year and offered 23 flights a week between Europe and North America, has only two flights a week scheduled to New York this winter.

The company is both selling and leasing a number of jets, and it is making more than 400 of its staff redundant.

The company has asked the Icelandic Government for aid. "It is my belief that the Government should support the transatlantic flights for a trial period," said Mr. Hermannsson. He urges the Government not to take over the operation of Icelandair, but to increase the Government's shareholding. It now owns 6 per cent of the total stock.

The Communist - influenced Peoples Alliance, which takes part in Iceland's left of centre coalition Government - has turned the Icelandair problem into a serious internal political issue by claiming that the Government should control the daily operation of the airline or form a new state-owned and operated international airline company.

Mr. Svavar Gestsson, Minister of Health and Welfare and a *leading member of the* Peoples Alliance, has said in Reykjavik: "If the Government takes part in helping the company, then it should have a hand in its daily operation, but we have not discussed this in the Cabinet."

The management of Icelandair is fighting hard to save the airline in one form or another. Mr. Sigurdur Helgason, the airline's director, says: "We will be very glad if it is possible to find a new way to continue the flight operation, but we ourselves do not have any new ideas or financial resources to support it."

The difficulties of Iceland's only scheduled airline carrier and one of the largest private companies in the country has shocked the Icelandic public, which looks upon the company as a very vital part of Iceland's independence.

Nestle cautious on earnings

BY JOHN WICKS IN ZURICH

HAVING partially recovered in 1979, profits at Nestle, the Swiss foods group, may prove "less satisfactory" in the current year.

The warning comes in a letter to shareholders. Last year net earnings recovered to SwFr 816m ($500m), compared with SwFr 739m in 1978 and a peak of SwFr 872m back in 1976.

In the first seven months of 1980 group turnover reached SwFr 13.4bn. This is higher by 10.7 per cent than sales for January-July, 1979, or by 9.6 per cent if companies acquired in the second half of last year are omitted (including the Swiss Roco concern and the American companies, Beech-Nut and Burton Parsons).

Furthermore, the growth resulted largely from higher sales prices. In volume terms, Nestle sales of dairy products, frozen foods, coffee extracts and drinks showed a slight decline, while those of infant foods, dietetic products, refrigerated products, instant cocoa and malt drinks, ice-cream, chocolate and culinary products were up on 1979 levels. A "good growth" is reported for the pharmaceuticals sector, even excluding recent acquisitions.

Although good increase rates were booked for such markets as Africa, the Middle East and Latin America, growth elsewhere is said to have been modest or non-existent. With *economic conditions remaining* difficult in numerous countries, Nestle does not expect much change during the second half.

●Georg Fischer, the Swiss Engineering concern, will this year show higher sales, order value and profits than in 1979, according to a letter to shareholders. In the last calendar *year group turnover showed a* marked rise to SwFr 1.54bn ($944m) from SwFr 1.28bn in 1978, with group cash-flow up 28.5 per cent to SwFr $72m.

For the first seven months of 1980, orders received remained at "the same gratifying level" as in the corresponding period of last year, with the value of orders on hand up by nearly 15 per cent. Actual turnover increased *11 per cent to* SwFr 926m.

Norway bond issue swamped

By Fay Gjester in Oslo

AN EIGHT-YEAR NKr 75m ($15.5m) convertible bond issue floated in Norway recently by Saga Petroleum, a Norwegian oil company, attracted subscriptions totalling NKr 991m. Technical factors were partly responsible for the heavy demand—the bonds can be used by banks and insurance companies to fulfil their placement obligations under government regulations.

Interest on the bonds has been fixed at 10.25 per cent.

U.S. link for CIT-Alcatel

BY DAVID WHITE IN PARIS

CIT ALCATEL, the electronics and telecommunications subsidiary of the French CGE group, has taken a 25 per cent shareholding in a specialised U.S. micro-circuit company, Semi Process Incorporated, in a deal which includes the setting-up of a joint manufacturing venture in France.

The U.S. company, which is based in California's Silicon Valley, will have a 20 per cent stake in the plant, which will use its technology.

Announcement of the deal came just aftter the CGE group had revealed ambitious plans in computer-related fields, including office equipment.

The agreement marks the first time a French company has taken a direct shareholding in a U.S. components group.

The deal forms part of Cit Alcatel's strategy of reinforcing its share of specialised electronics markets. In total, some FFr 6.3bn ($1.5bn) is earmarked for acquisitions, industrial investment and research and development in fields outside public telecommunications between 1980 and 1983.

Huls enters plastics bid

BY KEVIN DONE IN FRANKFURT

CHEMISCHE WERKE HULS, one of the leading West German chemicals companies, has entered the competition for the takeover of the plastics division of Firestone Tire and Rubber, the large U.S. tyre maker.

Its main rival in the bidding is Occidental Petroleum, the U.S. oil company, which already has a sizeable U.S. chemicals subsidiary in Hooker Chemicals and Plastics.

Firestone has plunged into heavy losses in the last year and as a result has been forced to consider the sale of its profitable plastics division, which has sales of around $700m. This operation includes five plants around the U.S. making pvc resins—with a capacity of 600m lb a year—together with vinyl film and sheeting.

Hüls, which is owned 87 per cent by Veba, West Germany's largest industrial concern, has been much slower than its major German chemicals rivals to penetrate the U.S. market. To date it holds only a minority share in a U.S. plastics processing group, Robintech (19.7 per cent Hüls-owned), in addition to a U.S. sales and purchasing organisation.

The successful re-structuring of the Veba group in the past two years, however, has opened the way for a renewed attempt by Hüls to enter the U.S. market.

Last year the Hüls group had sales of DM 5.5bn, while the parent company showed after-tax profits of DM 84.1m on a turnover of DM 4.6bn.

Hüls' most important products are plastics including PVC, industrial chemicals and nitrogen, and agricultural chemicals. About 44 per cent of its turnover last year came from foreign markets, chiefly through exports from West Germany.

INTERNATIONAL COMPANIES and FINANCE

Earnings slowdown at Levi Strauss

By Terry Byland

LEVI STRAUSS, the jeans manufacturer, disclosed yesterday that the recession was putting pressure on earnings and sales. Profits for the third quarter of the year were additionally affected by the settlement of anti-trust legislation in California, and the board says that orders for the final quarter were slower than normal.

At the nine months stage, Levi, which has been moving to change its traditional dependence on the western style blue jeans towards a more broadly based clothing range, is showing a gain of 19 per cent to $163.4m or $3.90 a share in earnings, and 38 per cent in sales at $2.03bn.

But the third quarter suffered a significant check, to record earnings 12 per cent up at $61.8m or $1.48 a share on sales 30 per cent ahead at $751.9m.

At the beginning of the year, analysts on Wall Street were looking for a 20 per cent gain in sales at the year end, with earnings rising from the $4.58 a share of 1979 to between $5.15 and $5.25. These forecasts were based on the expectation of strong sales from the newly formed womens clothing division and also from the international division, which traditionally turns in more than one third of group sales.

In the first half, the group pushed sales ahead by 43 per cent with the U.S. providing the major boost, and earnings were 17 per cent up.

But by June, Levi was announcing several brief plant closings in Europe — 18 per cent of group sales — in a move to reduce inventories which had stretched from 151 days to 171 days.

McCormick ahead

McCormick, the U.S. spice company for which Sandoz of Switzerland recently withdrew its $420m bid, lifted earnings from $8.7m or 76 cents a share to $9.6m or 84 cents in the first nine months of this year on sales of $370.6m, against $304.9m, writes Our Financial Staff. In the third quarter, McCormick earned $2.8m or 25 cents, against $2.6m or 22 cents, with sales at $129.3m, compared with $107.6m.

AMC close to accepting union leader as director

BY IAN HARGREAVES IN NEW YORK

AMERICAN Motors Corporation, the small U.S. motor company partly owned by Renault of France, yesterday appeared to be on the threshhold of following the example of Chrysler by admitting a union leader to its board of directors.

Reports from pay talks being held in Milwaukee said that AMC had finally caved into the board representation demand. AMC said later that the offer of borad representation was contingent upon numerous conditions, as yet unmet.

A 48-hour negotiating session had, according to both sides, made good progress but did not produce a definitive settlement by the midnight deadline. As a result many workers failed to show up at AMC's main Kenosha, Wisconsin, plant, which was shut down yesterday as a result.

The United Autoworkers said the two sides were still some way apart on the money side of a new contract, with AMC insisting that it get a cheaper deal that the contracts signed last year between the union and Ford and General Motors.

Meanwhile, in New York, AMC was unveiling its 1981 model year line-up.

Mr. Dale Dawkins, a company vice-president, said that AMC had come through a terrible year for the industry with enhanced market share—2.75 per cent of domestic cars so far this year against 1.82 per cent in the last year and 4.76 per cent of truck sales.

From October, in addition to the Renault R5, AMC will also be marketing the Renault R18. According to Mr. Dawkins, AMC was offering Renault the largest dealer chain of any of the importers to the U.S. market.

He forecast a resurgence in the next year in sales of larger cars, which AMC is well placed to capitalise on with its Jeep and other four-wheel drive models.

AMC, in spite of its relative success in market share terms, has sunk into record losses this year and is expected to post a $150m deficit in its full fiscal year.

The company's banks have suspended its credit lines because of these losses, but the company says it is hopeful that new lines will be in place by the end of October. Renault has extended a $90m loan to AMC.

Massey can survive, says Black

BY OUR MONTREAL CORRESPONDENT

THE TROUBLED Massey-Ferguson farm equipment manufacturer can survive its present financial crisis though perhaps not in its present form, according to Mr. Conrad Black, chairman of Argus Corporation which holds the largest single interest in the company.

Mr. Black, told the Toronto Globe and Mail that the first steps should be taken by the Federal and Ontario Governments to make "some sort of positive noises" to reassure holders of Massey's C$2bn ($1.72bn) of short- and long-term debt.

Mr. Black said that after reorganisation of this debt Massey could undertake the job of refinancing. Mr. Black also said that Mr. Victor Rice, the Massey president, was showing "irrepressible optimism" when he said the company had six or seven alternatives for extricating itself from its financial crisis.

"I myself do not see that many alternatives, but he is running the company," said Mr. Black. However he agrees with Mr. Rice that there is a need for "some public sector topping up" if the $600m refinancing package is to succeed. He felt the private sector could come up with a maximum of three-quarters of the $600m required.

He said the financial reorganisation of Massey "could be a short and relatively painless transaction, but lenders, including many banks, would need new incentives."

He said reorganising the debt should precede refinancing, and "I am violently opposed to any scenario that smacks of raising a great deal of capital in this country to bale out a bunch of foreign lenders."

Schering-Plough interferon gain

BY OUR FINANCIAL STAFF

SCHERING-PLOUGH Corporation yesterday disclosed that Biogen S.A., the research company in which it is a minority shareholder, has successfully produced a fibroblast interferon through recombinant DNA techniques.

Mr. Robert Luciano, president and chief operating officer elect of Schering-Plough, said that fibroblast interferon, which was normally manufactured from connective tissue by cell culture, might be useful alone or in conjunction with leukocyte interferon in treating a variety of diseases. Schering-Plough holds exclusive world rights to both these Biogen developments.

Striking a cautionary note, Mr. Luciano said that "although leukocyte interferon offers great promise for new therapeutic approaches to the treatment of certain cancers and viral diseases, we won't know what can actually be expected until we succeed with our production and purification development programme and our testing programme in animals and eventually humans is underway."

Schering-Plough is a U.S.-based manufacturer of ethical pharmaceuticals, proprietary medicines, cosmetics, foot care and home products. Its net income in 1979 was $222m.

For the last three years the group has been diversifying activities in anticipation of the expiry of patent rights this year on its successful antibiotic, Garamycin. In 1978-79 it acquired companies which are expected to contribute more than $400m to this year's sales.

Best known of these acquisitions was School, the foot care company.

Trustco injunction application turned down

By Robert Gibbens in Montreal

THE ONTARIO Supreme Court has denied applications by Royal Trustco for injunctions restraining Campeau Corporation from going ahead with its C$413m ($355m) takeover bid.

Campeau, a major real estate development group controlled by Mr. Robert Campeau, made its bid for all the common and preferred shares of Royal Trustco on August 27. Trustco is Canada's largest trust company with assets of C$7bn and further assets under administration of C$19bn. It has branch operations in the UK and Europe as well as seven banking operations in Florida.

In a protracted battle since the bid was made Royal Trustco asked the Ontario Supreme Court to declare the Campeau bid invalid, deficient in information and not in accordance with full legal requirements. It sought a court order restraining Campeau from proceeding with the bid, from taking up any Royal Trustco shares tendered or extending the expiry date beyond this Friday.

Royal Trustco also argued that success of the Campeau bid would mean the forced divestiture of Royal Trustco's seven Florida banking units

INTERNATIONAL BONDS

First dollar convertible for Hanson Trust

By Francis Ghilès

THE FIRST ever dollar denominated convertible for Hanson Trust, the UK-based industrial holding company whose activities include industrial services and agribusiness, was launched yesterday by Credit Suisse First Boston.

The amount of the issue is $25m for 15 years with a coupon indicated between 9 and 9½ per cent. The conversion premium could be up to 12 per cent.

This new convertible confirms yet again investor's current preference for equity rather than bonds, particularly with fixed interest rates. The market in straight dollar bonds was easier again yesterday as dealers continue to trim their book for fear of U.S. interest rates rising further. Prices of straight dollar bonds slipped by ½ of a point yesterday.

Conditions in other sectors of the Eurobond market are not much rosier. In the D-Mark sector prices of seasoned issues slipped by ½ of a point on the day: dealers will be watching the terms of the new DM 200m private placement for Australia, due to be announced by Deutsche Bank later today. Many expect a coupon as high as 8½ per cent.

In the Swiss franc sector, the 5½ per cent bond to 1990 for Voest-Alpine slipped by nearly four points to 96 on its first day of trading. At that level it yields 6.30 per cent. Yields are rising rapidly here, as in Germany. Overall, prices of seasoned issues posted falls of ½ of a point.

The interet rate on the latest series of federal money-market paper is 4.92 per cent, the National Bank announced on Tuesday. A total of some SwFr. 203m ($124.5m) worth of these three-month certificates was issued after tendering, the standard price having been 98.785 per cent; on an annual basis, the resultant discount equals the 4.92 per cent rate. This compares with 4.664 per cent for a similar issue in July, but was still slightly below the 4.983 per cent June interest.

Two new Swiss franc issues are at present being arranged: a SwFr 100m 10-year issue for Japan Development Bank through Credit Suisse carrying a coupon of 5¾ per cent and priced at 99½ and a SwFr 75m five-year private placement for the Republic of Indonesia with a coupon of 6½ per cent and priced at par by Union Bank of Switzerland.

Collins and Aikman down

By Our Financial Staff

FURTHER INDICATION that thte recession in the U.S. may have bottomed out comes in the latest trading statement from Collins and Aikman, the home furnishings, clothing and wallpaper group. Earnings are sharply down at the six months stage, but the company expects a better performance in the third quarter because incoming orders from the home furnishings and motor industry areas have improved.

In the second quarter, sales were a shade down at $134m against $138.6m, with earnings also off at $2.5m, or 20 cents a share, compared with $3.1m, or 25 cents. In the first quarter earnings were 28 per cent down on sales 3.8 per cent higher.

Varta offsets decline in demand for car batteries

BY KEVIN DONE IN FRANKFURT

VARTA, one of the leading European battery manufacturers, increased its sales in the first six months of the year by 10 per cent to DM 680m ($381m).

The weakening demand for car batteries caused by the sharp decline in European motor car markets has been compensated for by stronger growth in the group's major divisions, industrial and consumer batteries.

Varta, which is owned by the family-controlled Quandt group, had total sales worldwide last year of DM 1.38bn; an increase of 14.5 per cent compared with 1978. The company, which has published world consolidated accounts for tne first time, also boosted its after-tax profits last year by 22 per cent to DM 27.5m.

About 56 per cent of the Varta group's turnover in the first six months was achieved in foreign markets and its foreign-based subsidiaries increased their sales by 13 per cent to DM 327m. Exports from West Germany rose by 10 per cent to DM 133m, while domestic turnover grew more slowly by a little under 8 per cent to DM 429m.

Varta is one of the world's three largest battery producers with a particularly strong presence in the market for industrial batteries.

Around 80 per cent of the group's sales are derived from European markets, but Varta is also trying to expand its interests overseas.

With effect from the beginning of next year it will complete the takeover of Barrett Battery of the U.S. Varta has held 60 per cent of the Barrett equity for the last four years, but it has now moved to acquire the entire company, which last year had sales of some $33m.

No purchase price has been revealed. Barrett has a leading position in the U.S. market for traction batteries

Varta also has an assembly plant for consumer batteries in Singapore and this year it has opened a branch office in Japan.

Its presence in North America is being further expanded through the setting-up of a plant to make car batteries in Canada.

The main growth of the group's business in the first six months of the year was in consumer batteries, where turnover jumped by 18 per cent to DM 185m.

TAP recovery plan approved

BY JIMMY BURNS IN LISBON

THE PORTUGUESE Government yesterday approved a four-year financial recovery plan for Air Portugal (TAP) in its boldest attempt so far to save the troubled State-owned national airline from threatened bankruptcy.

Under the plan the Government has agreed to provide subsidies to cover Es 1.5bn ($30m) of debts incurred from TAP's past operations in Angola and Mozambique where it ran up heavy losses in the period surrounding decolonisation in 1976. In addition TAP will be making an Es 1.3bn local bond issue to cover domestic debts incurred prior to January this year.

TAP has also been authorised to raise its capital over the next two years from Es 2.1bn to Es 4.5bn: the increase will be of Es 1.4bn in 1980 and Es 1bn in 1981. The Government will also make available Es 1.8bn and Es 1.9bn over the next four year period to subsidise TAP's loss-making flights to and from the Atlantic islands of the Azores and Madeira. The plan describes these routes as "social" rather than commercial.

TAP, however, announced yesterday that it would be raising some of its international tariffs in line with the decisions taken at a recent International Air Transport Association meeting but fares to Europe, Canada and South Africa are to be raised by 3 per cent and to U.S. by between 5 and 7 per cent.

Bowing to the immediacy of a crucial general election on October 5, the plan does not commit the airline to any major rationalisation of its 10,000-strong labour force. But Sr. Jose Viana Babtista, the Portuguese Minister for Transport, said yesterday that the success of the plan depended on the airline's increased efficiency and productivity in the short term. A three week strike in July cost TAP an estimated Es 1.4bn in lost revenue at a time when losses from operations were mounting. In the first quarter of 1980 the company reported losses of Es 1.2bn compared with a deficit of Es 2.2bn in 1979.

The plan authorises TAP to push ahead with an overhaul of its international fleet. Negotiations on an estimated $300m agreement covering the purchase of three Lockheed TriStars and an option on two more were temporarily shelved earlier this year because of TAP's weak financial situation. But the plan predicts that the airline will go into the black next year to record profits of Es 2.2bn and that this will increase to Es 4bn by 1984.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on September 16

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	83⅞	84⅜	−1	−1½	13.77
CECA 11½ 88	100	94½	95	−0⅛	−0½	12.57
Citicorp O/S Fin. 10 86	300	90¼	90¾	−0¼	−0⅝	12.37
Con. Illinois O/S 9¾ 86	150	88¼	89¼	−0¼	+0¼	12.51
Denmark 11¾ 90	100	92⅝	93	−0¼	−0⅜	13.08
Dome Petroleum 13½ 92	50	100⅞	101⅜	−0¼	0	13.27
EEC 11 95	75	87⅛	87⅝	−0¼	−0⅜	12.94
EEC 11 96	70	87¼	87¾	−0¼	−0⅝	12.92
EIB 11¼ 92	80	90⅝	91⅛	−0¼	−0⅝	13.30
EIB 13¾ 90	100	102⅝	103⅛	0	−0¼	13.17
Eksportfinans 11⅛ 87	50	94⅞	95⅜	−0⅛	−0⅜	12.37
Eksportfinans 9½ 87	75	86¾	87¼	−0⅛	+0⅛	12.41
Elec. de France 10 88	125	88¼	88¾	−0¼	−0¼	12.39
Export Dv. Cpn. 12⅝ 87	100	100	100½	−0⅛	−1½	12.65
Export. Dv. Cpn. 9½ 86	150	89⅞	90⅜	−0⅛	0	12.09
Federal Dev. Bk. 12¼ 85	75	109¾	110¼	−0¼	0	12.06
Fin. Exp. Credit 10½ 85	50	91¾	92¼	−1	−0⅜	12.81
Finland Rep. of 9½ 86	100	86⅞	87⅜	−0¼	−0⅜	12.87
Ford O/S Fin. 12⅝ 85	250	87⅜	87⅞	0	−0⅜	13.29
George Weston 13½ 87	30	†99½	100	+0⅛	−0⅛	13.52
GMAC O/S Fin. 11 84	100	95⅛	95⅞	−0¼	−0⅜	12.35
GMAC O/S Fin. 13⅜ 85	100	102⅝	102⅞	−0¼	−0½	12.53
Goodyear O/S 12½ 87	75	97⅛	97⅝	−0⅛	−0¼	13.02
Hudson's Bay 11½ 90	75	92½	93	−0½	−0¼	12.82
IBM Canada 10½ 85	50	94¾	95¼	−0¼	−0½	11.90
ICI Fin. Ned. 11 83	100	97¼	97¾	0	−0¼	12.08
Int. Harvester 12¾ 85	115	98¼	98¾	0	−0½	13.20
McGraw 13½ 85	75	99½	100	−0⅛	−0⅜	13.52
NorWest Ind. 13⅝ 87	50	99¾	100⅜	+0⅛	−0⅜	13.61
Nova Scotia 10¾ 90	50	91	91½	−0⅜	−0½	12.32
OKB 10 85	50	92⅜	92⅞	−0⅛	−0⅜	12.12
Pembroke Capital 9¾ 87	100	†87¾	88¼	+0⅛	0	12.31
Pemex 11½ 88	100	92⅛	92⅝	−0⅛	−0½	13.09
Quebec Hydro 11¼ 92	100	91½	91⅞	−0⅜	−0¼	12.65
Repsteel O/S 11½ 88	100	87⅛	87⅝	0	−0¼	14.20
Roylease Ltd. 11¼ 85	50	96¼	96¾	0	+0½	12.23
SNCF 12⅜ 85	50	100⅛	100⅝	−0⅛	−0⅛	12.22
Swed. Ex. Cred. 12½ 85	40	98¼	99¼	0	−2¼	12.75
UB Finance BV 11 90	50	88¼	88¾	−0¼	−0⅜	13.13
Unilever NV 9¾ 90	100	83⅞	84⅜	−0⅛	−1½	12.55
World Bank 9¾ 85	200	91¼	91¾	−0⅛	−0⅛	12.22
World Bank 10⅝ 87	300	91⅛	91⅝	0	−0⅛	12.17

Average price changes... On day −0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	100¾	101¼	−0⅛	−1⅛	8.87
Australia 8¼ 90	250	99⅞	100⅜	−0⅜	−0¼	8.07
BFCE 7¾ 87	100	96	97	−0⅞	−1¾	8.47
BFCE 8⅛ 95	100	97	98	−0⅜	−1¼	8.42
Brazil 8 87	150	88½	89⅛	−0½	−1	10.36
Council of Eur. 7¼ 89	100	93¾	94½	0	−0⅜	8.22
Denmark 7⅞ 86	100	97⅜	98¼	−0⅜	−0⅜	8.33
Denmark 8¼ 92	100	98⅞	99⅜	−0½	−0¼	8.34
EEC 7⅞ 94	225	95¾	96½	−0⅛	−0⅜	8.85
Finland Rep. of 8 86	160	98¼	98⅞	0	−0⅜	8.30
Iberduero SA 9 90	100	98⅞	99⅝	−0½	−0⅛	9.09
Kobe, City of 7⅛ 89	150	93½	93⅞	−0½	−1¼	8.17
Kobe, City of 8 90	100	99⅛	99⅞	−0⅛	−0⅝	8.05
Mt. Bk. Denmark 8½ 90	150	98½	99¼	−0⅜	−0⅜	8.67
Norway 7½ 85	250	98¾	99½	0	−0⅜	7.73
OKB 7⅛ 89	100	93¾	94½	−0⅛	−1	8.32
OKB 8⅛ 92	150	98⅜	99⅛	−0⅜	−1	8.43
Oslo, City of 8¾ 90	80	101⅝	102⅜	−0⅜	−0⅞	8.42
Sweden 9¾ 87	200	105⅜	106⅜	0	−0⅜	8.50
World Bank 8 90	700	96⅞	97⅞	−0½	−1½	8.40
World Bank 7⅞ 90	250	95⅝	96⅜	−0¼	−1⅜	8.50
World Bank 10 86	150	106¾	107½	0	0	8.37
World Bank 10 90	200	108⅝	109¼	−0¼	−1¼	8.61

Average price changes... On day −0⅜ on week −0⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5¾ 90	100	98	98¼	−0½	−0⅛	5.63
Bergen, City of 4¾ 91	40	92¼	92¾	+0¼	−0⅝	5.69
Bergen, City of 6 90	50	102¼	102⅝	+0⅛	−0¼	5.67
BMW Overseas 4½ 91	100	90¼	90½	−0¼	+0⅛	5.43
Buhrmann-Tetterode 7 90	40	104⅛	105	[illegible]	[illegible]	6.30
Caisse Nat. Tele.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.42
Copenhagen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.28
Council of Eur.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.81
EIB 4¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.07
Elet. de France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.31
F. G. H. Hypo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.59
Finland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.42
GZB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.20
Hilti	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.34
Int.-Amer. Dev.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.80
Int.-Amer. Dev.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.23
Jutland Tele.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.76
Malaysia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.73
Newcastle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.58
Nippon Tel. & T.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.86
Norges Komm.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.96
OKB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00
OKB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.55
Oslo, City of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.94
Philips Lamps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.32
Sekisui	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.59
Shikoku El. Pwr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.60
World Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.01
World Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.11

Average price changes... On day [illegible] on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.72
Australia 6⅛ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.89
EIB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.26
Finland 5.6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.87
Finland 6.8 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.84
Finland, Rep. of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.00

Average price changes... On day [illegible] on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¼ 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.65
CIBC 13¾ 85 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.52
CIBC 85 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.70
Federal Dev 11¼ 90 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.52
Fst. Can. Inv. 10 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.20
GMAC 12 85 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.22
R. Bk. Canada 10 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.40
Tonlom Cpn. 13⅛ 85 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
M. Bk. Dnmk. 9 91 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOFTE 8¾ 89 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U. Bk. Nrwy 9¾ 90 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 8¾ 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 10¾ 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Mees & H. 10 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heineken NV 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 8¾ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips Lamps 8¾ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aero Paris 13¾ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Air France 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 14¼ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 11¾ 88 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gaz de France 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM France 11¾ 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renault 9¾ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay et Cie 9¾ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Mex. Sts. 14 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial Fin. 14½ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 13½ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 11½ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 12½ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 13 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Co. 12¼ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Peugeot SA 14 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rothschild 14¼ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Cr. 13¾ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banobras 8¼ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 8½ 91 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sonatrach 8½ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo 9¾ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 8 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 9⅞ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9¾ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volvo 8¾ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Ireland 5¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 5½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays O/S Inv. 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen Bk. A/S	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bilbao Int. NV 5½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S F. 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S F. 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C. Itoh 5¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Co-operative Bk. 6 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Creditanstalt 5¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNT 5¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 5¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jugobanka 8 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bank Japan 5¾ 87	0¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lloyds Eurofin 8 30	0¼	96⅛	97	3/1	15¾	15.28
LTCB Japan 5¼ 85	0⅛	98⅛	98⅞	13/12	9⅝	9.76
LTCB Japan 5½ 89	0¼	98	98½	7/12	10¼	10.31
Mtrs. Han. O/S 5¼ 94	†0¼	97¾	98¼	30/11	12⅛	12.37
Midland Intl. Fin. 5 89	0¼	97⅞	98⅜	20/12	9½	9.68
Midland Intl. Fin. 5¼ 92	0¼	97¾	98¼	5/12	10⅞	11.10
Nacional Fin. 6¼ 86	0¼	97½	98	25/1	9.69	9.91
Nat West 5¾ 94	§0¼	98⅞	99⅜	11/10	18⅜	18.74
Nippon Credit 6½ 86	0¼	97⅝	97⅞	12/1	9.66	9.82
Nippon Credit 5¼ 87	†0¼	98¼	98¾	6/11	10⅞	11.04
Royal Bk. Scot. 5¾ 94	§†0¼	98⅞	99⅛	11/10	9.31	9.42
Soc. C. de Bque. 6½ 87	0¼	98⅜	98⅞	3/10	20.06	20.34
Standard Chart. 5¾ 90	0¼	99⅝	100⅛	6/3	12.06	12.08
Svenska Hndlsbk. 5 87	0¼	98⅛	98⅝	15/1	10	10.17
Sweden 91	†0¼	†96⅝	96⅞	18/10	9.56	9.90
Williams & Glyn 5¾ 91	0⅛	98⅜	99¼	14/3	12.44	12.56
Bq. S. d'Alg. 4¼ 89 SF	0⅛	†89	90	18/12	6⅛	6.84

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	146	†116	116½	−0¼	−7.20
Ajinomoto 7⅛ 95	2/80	615.5	123⅛	124⅛	−0½	−2.55
Alco Int. Fin. 9½ 94	1/80	40	93½	94½	+0⅛	10.59
Apache P. Fin. 8¾ 96	12/80	21.12	137¼	138½	+0⅛	−4.50
Blocker Energy 8¼ 95	1/81	21.87	106⅛	107½	−1⅛	−4.11
Canon 6⅞ 94	8/79	570	118¼	119¼	+1¼	4.58
Credit Suisse 4¾ 93	10/79	1276	115⅛	117¼	+1⅛	−1.06
Daiei Inc. 6½ 94	11/79	927.3	97⅛	98⅞	−0¼	20.37
DDKK 11 90	4/80	324	105½	106½	−0⅛	13.58
Dynalectron 9½ 95	8/80	12.22	111	113	+0½	3.29
Ensearch Fin. 9½ 94	7/80	30.25	138¾	139¾	+2⅞	−1.44
INA Overseas 8¾ 2000	4/81	42	98⅞	99	+0⅛	4.87
Inchcape Ltd. 8 95	2/81	4.55	107	108	−0⅛	−0.08
Meidensha Elec. 7 94	12/79	210	110¼	111½	−0⅛	−1.38
MEPC 8¼ 96	2/81	2.47	108⅝	109⅝	−2½	6.58
Mitsubishi Cp. 6½ 94	10/79	549.1	132	133¼	−0⅞	−0.71
Ricoh 6⅞ 95	8/80	604	102½	103½	−0⅛	2.89
SBC 6¾ 90	9/80	200	100¼	101½	+0⅛	4.39
Toshiba Cpn. 7¼ 94	10/79	198	110½	111⅛	−0¼	−1.25
Union Bk. Switz. 5 89	2/80	121.4	98¾	100	+0⅜	−0.65
Fujitsu 5 84 DM	7/79	475	114½	115½	+0⅛	0.94
Sharp Corp. 6½ 88 DM	9/80	595	109⅛	109⅞	−0¼	0.31
Uny Co. 6½ 85 DM	11/79	1071	96⅞	97⅜	−0¼	22.06

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month: § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

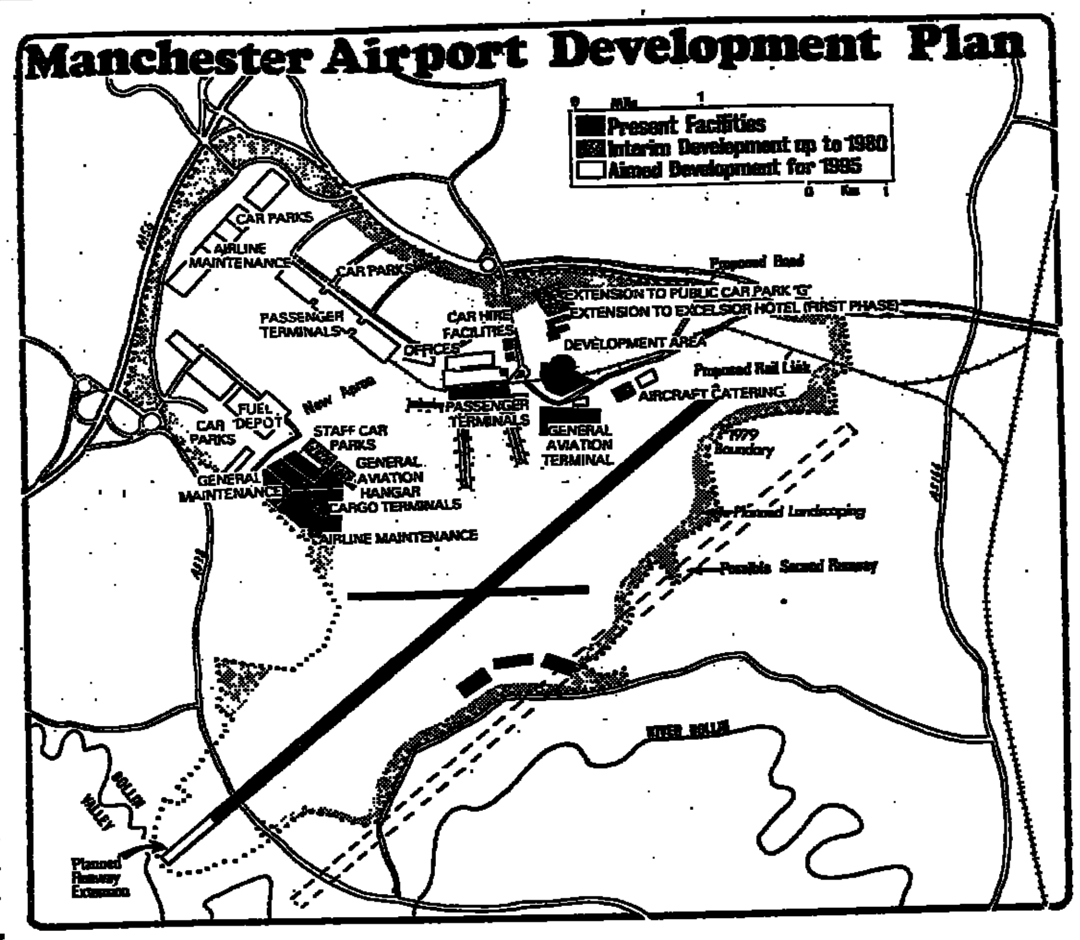
FINANCIAL TIMES SURVEY

Wednesday September 17 1980

Manchester International Airport

Vital role in civil aviation

Manchester International Airport, the third busiest in the UK after Heathrow and Gatwick, has embarked on a major £150m expansion programme, designed progressively to raise capacity to 16m passengers and ½m tonnes of cargo a year by the mid-1990s. Runway improvements have been completed, and the next step is to lengthen it, thereby widening the airport's scope for long-distance travel.



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By Michael Donne

Aerospace Correspondent

MANCHESTER International Airport has played a vital role in the development of Britain's civil aviation since well before World War Two, and its significance is bound to increase in the years immediately ahead, as air travel itself expands.

Despite the current business recession, the airport continues to consolidate its position as the number three airport in the UK, after Heathrow and Gatwick, with a prospective total of about 4.2m passengers for 1980, against last year's total of over 3.5m.

Today, 38 UK and foreign airlines use the airport, and this total is steadily rising as the airport's facilities improve and the aggressive marketing policy of the airport director, Mr. Gordon Sweetapple, generates results in encouraging new airlines to introduce services to and from Manchester.

The airport is operated by the Manchester International Airport Authority, which is jointly controlled by the Greater Manchester Council and the City of Manchester. The authority retains a sturdy independence where national airport affairs are concerned, and the Government was told some time ago, in response to its requests for views to help it shape the future national airports strategy, that Manchester is opposed to any take-over by the British Airports Authority, or any joint operation with Liverpool Airport.

Manchester's links with civil aviation go back to 1928, when the City Council established a temporary airport at Rackhouse, moving to a new site at Barton Aerodrome, near Eccles, in 1930. The present site at Ringway was opened as an airport in June, 1938, after Barton had proved unsuitable.

The first civil airliner to use Ringway was a KLM DC-2, operating a new Amsterdam-Hull-Manchester service. Domestic operations grew steadily through the 1930s, but in February, 1939, Ringway was scheduled as one of 37 new air stations in a Government White Paper on Defence.

Manchester City Council at that time, however, did not agree to its airport being taken over, and this had some influence on later developments. Nevertheless, the airfield was used extensively during the war, especially for the test flying of large bomber aircraft built nearby. It was at that time that part of what is now the airport's single main runway was laid.

In the post-war period, following the resumption of air services in 1946, the expansion of civil aviation activities at Ringway was rapid. By 1955, the number of aircraft movements had already risen to 34,300 a year, and the number of passengers to 333,702, but in the ensuing years the growth was even more dramatic, so that by 1979, the number of passengers had reached over 3.5m, while freight amounted to over 22,880 tonnes.

For the longer-term, through the 1980s, the Manchester International Airport Authority is planning a massive expansion of its facilities for passengers, mail and cargo that will enable it to handle up to 16m passengers a year and about ½m tonnes of cargo a year by the mid-1990s, against the present maximum passenger capacity of 8m a year.

The cost of this expansion programme is expected to be not less than about £150m (in 1980 values). This cash is expected to be generated internally by the Manchester Airport Authority itself, with the exception of some cash in the form of development grants from the EEC, which have already been applied for.

The expansion plans are designed to ensure that the airport can sustain a dual role through the 1980s and beyond. First, it must continue to be the major airport for the North of England itself, one of the country's major industrial and commercial regions, while secondly helping to some extent to take the strain off the increasingly congested London and South-Eastern region. At the same time, the expansion is designed to ensure that the airport can meet the expanding needs of holidaymakers and other non-commercial and industrial travellers.

Part of the MIA's expansion plan has already been completed, in the form of the extensive improvements to the single main runway, at a cost of around £14m. These have included "ironing out" a major bump in the runway (that was a legacy of hasty war-time construction), together with widening the runway along its entire length, resurfacing, and improving the lighting and other facilities, including improving and extending taxi-ways and a high-speed aircraft turn-off.

The aim has been to ensure that the single runway will be capable of meeting all foreseeable developments in aircraft design over the next 20 years. A more detailed account of this runway improvement operation is contained elsewhere in this survey, but the completion of the improvements has represented a major triumph of civil engineering by Wimpey Asphalt, the major contractor involved.

Wimpey Asphalt undertook the entire task during the night hours from 11 pm to 7 am, when the airport was closed to air traffic. As a result, the task was completed without the airport ever needing to be closed to aircraft during daylight hours—a factor of vital importance for an airport with a turnover of £3m a day.

This unique achievement has already brought a substantial number of inquiries to both the MIA and Wimpey Asphalt, from UK and overseas owners and operators of single-runway airfields anxious to improve their own facilities without loss of operational capability.

The next stage in the development of the runway will be to lengthen it by 800 feet to a total of 10,000 feet, which will involve building the runway out over the valley of the River Bollin at the south-western end. This will also represent a major civil engineering task, requiring a massive earthwork operation in the valley itself. The total bill is likely to be some £8m.

After a public inquiry earlier this year, the Government has now approved this plan, and specifications for the contract will go to tender this autumn, and it is hoped that work will start next spring. It will take about two years to complete, so that by early 1983 it is hoped the extension will be ready for use.

Fuel load

The value of this extension will be that it will enable airliners to make longer take-off runs, especially with heavier wide-bodied jets. This in turn will enable the aircraft to have bigger maximum take-off weights which can be used either in the form of bigger fuel loads, to give more range, or as bigger payloads to enable more passengers and cargo to be carried over specific distances.

It has been estimated, for example, that Northwest Orient Airlines, which operates a regular Boeing 747 Jumbo jet freighter from Manchester to New York, could carry a 13,000 lbs bigger load between those two points, or an 11,000 lbs bigger load between Manchester and Seattle, non-stop. Laker Airways, which is seeking rights for low-fare Skytrain flights from Manchester to New York and other U.S. cities, believes the runway extension will allow full aircraft to fly non-stop to New York without an additional fuel stop en route, using Series 10 DC-10s, while by using the longer-range DC-10 Series 30 aircraft, Laker could make non-stop Manchester-Los Angeles flights with full pay loads.

These are only two examples of the greater radius of action that would become available once the extension is completed, and shows why it is regarded as a fundamental development to the airport's entire future as a major element in the overall UK civil aviation expansion plan.

Beyond the runway extension, however, lie some further substantial developments at the airport. Among the most significant of these are further extensions to the passenger terminal facilities, which are expected to be completed by the mid-1980s, at a cost of perhaps as much as £20m, and which will be designed to raise the airport's total passenger capacity to about 16m passengers a year. These new additions will be modular in type — that is, built in phases as demand requires, to the North West of the existing main passenger terminal building, on a much-expanded apron which is itself already the subject of detailed planning.

These new passenger terminals will be associated with a new cargo terminal, that may cost up to £8½m (to replace the existing cargo terminal), that will be on the other (South-West) side of the big new apron from the new passenger terminals. The new cargo terminal will be designed to have a capacity eventually of up to ½m tonnes a year.

Plans for both the new passenger and cargo terminals are now being studied, although detailed design has yet to be completed, and it is possible that there may have to be Public Planning Inquiries into their proposed development

CONTINUED ON PAGE III

Wide range of passenger flights

MANCHESTER International Airport has more than earned its wings in the 2½ years since it was designated by the Government as a "gateway international airport."

These gateway airports—dominated by Heathrow and Gatwick in the south east of England—were expected to support, over a period, a "wide range and frequency of international services, including inter-continental services and a full range of domestic services," according to an airports policy White Paper in February 1978.

In fact, Manchester's airport was already well on the way to meeting these criteria when it was still known as Ringway.

Since then, international flights in particular have flourished, with a rising tide of passengers travelling to and from New York, Nice, Montreal, Milan, Cork, Cyprus, Paris and Dusseldorf, not to mention Berlin, Brussels, Rome and Warsaw and many other centres.

Established

The immediate conurbation served by the airport, Greater Manchester, embraces Manchester city, Bolton, Bury, Oldham, Rochdale, Salford, Stockport, and Wigan—a total population of more than 2.66m people.

However, the airport planners, who foresee a bright and expanding future for passenger travel to and from Manchester International Airport, base much of their optimism on the estimated market of 20m people who live up to three hours' drive away.

For these people, no other regional airport comes close to Manchester's in terms of existing and planned passenger capacity and range of international and domestic services. Manchester, for many, has come to be regarded as the obvious base for air links with major UK and world centres.

It is now firmly established as the "Heathrow of the North," and describes itself as "the first step to the rest of the world," a high-minded label, but no less true for that, as the 3.52m passengers, including 76,780 transit passengers, who used the airport last year could testify.

Just under 2.2m of these passengers were on international flights, a record for the airport. Similarly, the number of passengers using the airport for UK domestic internal flights was another record, just short of the 1m mark at 942,490 passengers last year.

However, travel to Eire was down slightly last year, with 165,885 Eire passengers using the airport compared with 167,940 passengers in 1978.

Charter and private air traffic also increased, from 150,215 passengers in 1978 to 153,320 passengers last year.

The passenger volume figures for last year, however, were affected by a number of factors, including the closure of the runway at night between March and October when major repairs were carried out from 11 pm to 7 am.

Management at Manchester International Airport have suggested that the total passenger volume would have been closer to 3.8m had it not been for the runway's closure at night over the summer period.

Some of the passenger flights were diverted to Liverpool Airport and officials at Manchester believe that much of the loss to MIA was probably on inclusive tour flights.

But other, positive factors, also affected the passenger business into and out of Manchester last year. British Airways introduced its Shuttle service to Manchester late in the year, with an immediate sharp increase in passenger numbers in November and December. The full impact of the Shuttle is expected to be felt this year.

British Caledonian Airways also succeeded in increasing the number of passengers it carried between Gatwick and Manchester, although it kept the same frequency of flights.

These domestic flights are used mainly by business travellers and the market this year is expected to reflect the general recession in the economy. But with international passenger flights for leisure as well as business providing the bulk of passenger volume at Manchester, the airport is assured of continued demand as people continue to regard holidays as an "immovable feast," even in times of general recession.

For the local business traveller, too, contact with potential customers and overseas sales offices has to be kept up.

The exact impact of this year's downturn in trade will not be clear until all the statistics are in.

Passengers board a BAC One-Eleven at the terminal. Domestic flights are used mainly by business travellers but many international flights are used by passengers going on holiday

However, figures for the first five months of this year suggest that Manchester International Airport has not yet felt the full impact of the recession.

Total passenger traffic rose by 18 per cent over the period to 1.39m passengers, with the greatest growth, 47 per cent, taking place in the charter market, compared with 15 per cent growth in the scheduled air services sector and 20 per cent in the inclusive tour market.

Recession

In May came the first evidence that the recession may have started to take its toll of the volume of passenger traffic. The overall growth rate of 18 per cent for the first five months dipped to 10 per cent for the month of May, largely because of a 4 per cent fall in the number of passengers using Manchester on scheduled services.

Demand for inclusive tour services also fell back marginally to an 18 per cent growth rate. But again, charter traffic held up with a substantial rise, of 67 per cent, in passenger numbers.

Air Europe, Britain's latest holiday charter airline, which has flown from Manchester since last November, is confident that high growth in its sector will continue. The airline plans to base a third Boeing 737 at Manchester next year to cater for its plans to increase its flights from the airport to 46 a week. More staff are expected to be recruited in the Manchester area to help meet the rising demand.

Direct flights

The plans to extend the runway to a total of 10,000 ft by 1983 are a part of the airport's intention to maintain its dominance in the North of England. The extension would enable airlines to fly direct and non-stop from Manchester to the west coast of Canada or the Middle East for example, or the airliners could carry more passengers. It would also allow one-stop services from Manchester to the Far East, South-East Asia and Australasia.

The need for such an extension is implicit in the forecast passenger figures for this year, which show that an estimated 4.2m may use the airport. This would be about half of last year's passenger total at Gatwick.

If this growth continues, as is widely expected, then the extra capacity provided by the longer runway will be essential to cater for heavier and higher-capacity aircraft likely to be demanded by airlines.

Manchester Airport's plans to build a new passenger terminal, new car park, new airline offices and other facilities, if approved, would allow the 22 existing airlines to expand their operations and encourage more to operate from Manchester. This would provide an even greater range of services for business and holiday air travellers.

Lynton McLain

Consistent record of profitability

AMONG BRITAIN'S municipally-owned and controlled airports Manchester has a somewhat unusual distinction—a record of consistent profitability. From its small, pre-war beginnings when flights were started to Amsterdam and the Isle of Man, Manchester has grown to be Britain's biggest airport outside London, and it has funded its rapid development over recent years very largely from its own internally generated resources.

In the current financial year the airport is expecting income of £30.6m and expenditure of £21.8m, leaving a trading surplus of £8.8m. After debt charges of £2.7m on its comparatively modest total borrowings of £1m, and a contribution to capital outlay of £4.2m, the airport will be left with £1.9m, which it will be able to return to its two local authority parents, Greater Manchester County and the City of Manchester.

For 1981-82 the airport is projecting a trading surplus of £11.2m, and after debt charges of £2.8m have been paid will be making a revenue contribution towards capital projects of £9.4m. The net result is a small deficit but this may yet be avoided if traffic remains as buoyant as it has been over the past year, so increasing the income flowing in.

Benefits

Therefore, far from being a burden to the ratepayers, Manchester Airport has provided positive benefits not only in the form of profits returned but in the 5,500 direct jobs, and thousands of indirect ones, it has created and the trade it has brought to local businesses.

It is a reward which the City of Manchester—its original sole owners and developers—would like to believe has resulted from its own farsighted policy of supporting the airport in its early days. From 1936 until 1956 Manchester's rate fund contributed every year to the airport and payments in total reached more than £454,000. By 1957 the flow was the other way and in the years until 1974 when it was re-constituted, following local government reform, under the control of the two authorities, payments totalling £2.9m, flowed back the other way—a net profit to the city of £2.3m.

The change in control coincided with the first oil crisis, and the subsequent downturn in air traffic helped to produce in 1974-75 the only loss of recent years—a deficit of £0.8m which had to be met from reserves. Since then the airport has remained profitable despite funding a significant capital expenditure programme, now running at around £10m-£11m a year.

Total financial support received from the Government has amounted to only £3.25m towards the cost of terminal improvements in the 1960s, extension of the runway to its present length and a number of other capital schemes.

The airport authority, too, has been building up its general reserves since 1974 to the level provided for in the joint agreement covering the airport's operation. As at March 31 about £5.07m had been credited to the general reserve, a further £6.7m to the runway renewals fund and £1.4m to the vehicles and plant renewal fund—a total of £13.1m.

Yet, although the airport's finances are healthy, a threat to its projected £150m-£200m investment programme over the next 20 years has emerged in recent Government legislation. As it stands, the Government's Local Government Planning and Land No. 2 Bill, which is due to become law later this year, places severe restrictions on the freedom of local authority enterprises to undertake capital expenditure.

The legislation is intended to enable the Government to hold down public expenditure by controlling schemes funded out of the rates, but Manchester Airport, along with other municipal airports, is pointing out that it will also affect schemes of their own which are not dependent on support from the rates.

The main problem is that the new legislation, as it stands, would prevent Manchester from drawing down funds from the reserves for capital projects and even prevent the airport authority from funding projects out of revenue. Exceptions could be made under the legislation for schemes of major national or regional importance and for this reason some of Manchester's bigger projects, such as the intended extension of the main runway, could win the necessary approval.

There are other schemes, however, as Mr. Charles Bowers, Assistant Director (Finance), points out, which could be just as important to the proper functioning of the airport as it expands but which might not qualify. These include the provision of the new aircraft stands needed to cope with the growing number of wide-bodied aircraft using the airport, new taxiways, and provision of services to outlying areas of the airport, and car parks sufficient to keep pace with increasing levels of passenger traffic.

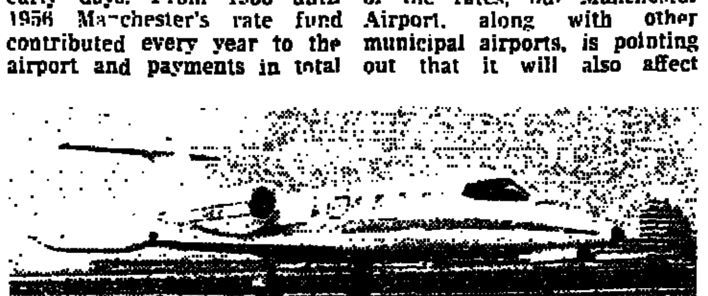
The airport authority has been lobbying for a change in the current Bill before it is enacted but there are fears that even if the necessary amendment is secured, the Government might still seek to exercise much greater control over projects in future and might require that all schemes should be subject to its approval.

This is a battle Manchester hopes it can win at the political level, enabling it to get on with the job of providing facilities to meet the expected growth in traffic. The airport has built its success on anticipating the pattern of demand and providing for it and this will remain the policy.

The schemes planned up to the year 2000 will all depend on hard evidence that the traffic is coming and, with a record of financial prudence to preserve, the airport authority is unlikely to sanction schemes other than on the basis of sound projections.

Demand has not been Manchester's problem so far, however. Its position as the premier airport in the North is now strongly entrenched and unless the recession proves to be much deeper and longer-lasting than expected this year's total of 4m passengers looks like being left well behind in only a few years.

Rhys David



The addition of this Learjet to Manchester's air taxi fleet is an indication of the airport's value to operators

Heathrow scooping much of the cargo traffic

CONTRARY TO expectations, and in spite of Manchester's obvious advantages as the major international airport serving the North of England and much of the Midlands, the flow of cargo in and out of the airport has proved elusive — and, to the airport authority, disappointing.

Apart from occasional peaks prompted by dock strikes and the like, which always tend to divert more traffic into the air, cargo moved on scheduled and charter flights in and out of the airport during the last 10 years has fallen from 40,780 tonnes in 1969 to 22,880 tonnes last year.

The first six months of this year have shown a slight increase over the same period last year, but this is no more than 2 per cent, represented by 12,980 tonnes, and even if the upsurge is maintained for the rest of the year the annual tonnage will fall far short of the airport's peak of 45,747 tonnes which was attained in 1970.

This decline in cargo traffic and the revenue it produces is exactly the opposite to the situation which the airport authority was led to believe would have developed by the end of this year if forecasts made in a report—*(Air Cargo development at Manchester Airport for the 1980s)*, which it commissioned from the P-E Consulting Group in 1971—had been fulfilled.

Assumption

The report estimated an average annual growth rate between 1970 and 1980 of 15 per cent, equivalent to 293,450 tonnes passing through the airport during this year alone and 492,750 tonnes by 1985.

These forecasts, of course, like so many in the air transport industry, have proved to be over-optimistic. But, in fairness, it should be said that in the case of Manchester, they were based to a large extent on the assumption that the far from adequate facilities for the reception and handling of cargo existing at the time would be replaced by a modern cargo terminal designed and equipped on similar lines to that at Heathrow.

This, the P-E Consulting Group recommended, should be in operation by 1975 with an additional stage completed by 1985 at a total cost of about £8m.

The airport authority decided though to put on ice P-E's recommendation to build a terminal; there the idea has remained for the past nine years and, in the view of the airlines, air forwarders and agents who operate at Manchester, this has been responsible for the progressive decline in the airport's cargo traffic during that time. They — and the forwarders in particular — maintain that until the facilities they require are provided, Manchester will continue to hold little attraction for them.

Mr. Gordon Sweetapple, the airport's director, takes the view that it would be difficult to justify the huge investment which the construction of a cargo terminal will require if the traffic for which it is intended barely exists. Notwithstanding this, and looking ahead to the long-term effects of de-regulation which is taking place in the airline industry—coupled with the prospect of more American and foreign carriers being attracted to the airport, which has embarked on an intensive overseas marketing campaign to promote its services — Mr. Sweetapple has recently set up a sub-committee to draw up plans to meet the immediate requirements for improvements in the cargo handling facilities. This could be the first step towards the development of permanent terminal systems advocated by the P-E Consulting Group.

This move would go a long way to making the airport more attractive to the forwarders and ought certainly to arrest the prevailing decline in tonnage—although it is highly doubtful whether, in the foreseeable future, the forecasted throughput of cargo at the airport would ever be attained when it is considered that the 492,750 tonnes P-E considered would be reached by 1985 has not even been attained at Heathrow. The value of cargo currently handled there exceeds that at any of the UK's seaports.

The amount of cargo flowing through Manchester will always be determined by the air forwarders. They provide between 80 and 90 per cent of all cargo carried by the airlines and therefore they all but control the market. With few exceptions, it is the forwarders who decide on which airlines' consignments will be carried and on which flights.

The bulk of the traffic they handle is made up into consolidated loads, handed to the airlines as a single shipment, usually on a pallet or in a container, and wherever possible of maximum permitted tonnage and density. The advantage of consolidating in this way is that the forwarder is able to buy space in bulk from the airlines at the lowest rates and pass on to the shipper some—but not all—of the savings gained against the rates applicable to individual smaller consignments.

To be able to cope with the handling of individual consignments which make up these consolidations, the forwarders require extensive warehousing and storage facilities, and at Manchester these simply do not exist. More than 70 forwarders currently are based in Manchester, but more than half of them have their premises off the airport and only about a dozen have warehouses actually on the airport and the remainder only office accommodation.

Until recently, the only bonded warehouse on the airport was operated by British Airways, and it formed part of the airline's own cargo warehouse. A few months ago the airport authority, with the approval of Customs and under pressure from a group of forwarders, gave permission for a second bonded warehouse to be operated by Servisair, one of the handling agents on the airport.

Embargo

The need for this was long overdue, not least to provide an alternative bond for imports to be processed at times when British Airways was forced to place an embargo on acceptance of consignment because they simply did not have the capacity to handle them, or because of industrial action halting operations.

While this additional bonded facility—limited in accommodation though it is—has been welcomed, it is unlikely to make any significant difference to cargo throughput at the airport. This is due almost entirely to the persistence of the forwarders—and there are few exceptions—in sending traffic by road from Manchester to Heathrow, either in consolidations they have made up in their Manchester premises or in individual items for consolidation at Heathrow.

Interestingly, also, British Airways and other airlines serving Manchester operate regular nightly truck services with cargo down to Heathrow for shipment on their services out of the airport. The average cost of doing so is between 2p and 4p a kilo, and although the forwarders do not make a separate charge to their shipper customers for this, it is wrapped up in the shipping charge payable for airline carriage of their consignments.

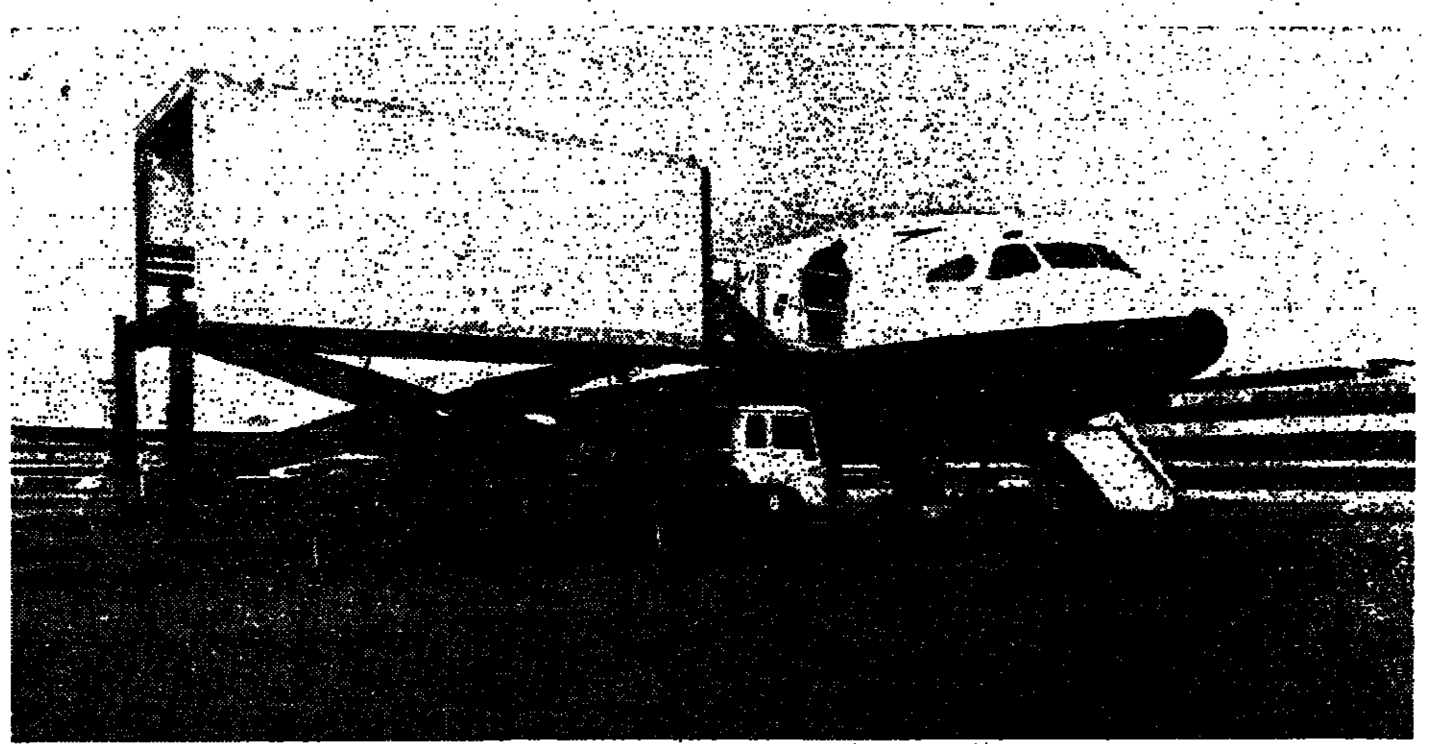
Imports

Mr. Sweetapple estimates that the Manchester forwarders sent between 17,000 and 18,000 tonnes of cargo to Heathrow during last year, of which about 75 per cent would have been export shipments and the remainder imports flown into Manchester. A high percentage of the export element of this, he maintains, could and should have been flown on airline services out of Manchester even though some of it would be destined for countries not directly served on airline flights from the airport.

But, as he points out, now that cargo rates out of Manchester to points in America—and most cargo in and out of the UK is flown across the North Atlantic—are common-rated with those out of Heathrow and Gatwick, there is little incentive for the agents to use flights out of Manchester when it is more profitable for them to increase the size and quantity of their consolidations at Heathrow.

In an effort to stem the increase of cargo diverted to London by road, the airport authority introduced a scheme two years ago under which agents and airlines loading export cargo for road transfer to Heathrow and other London area airports—Gatwick, Stansted and Luton—have to pay a licence fee of £10,000 a year for each vehicle used for the purpose. But even this has failed to stem the tide. Whether the building of a self-contained cargo terminal will is a dilemma which Mr. Sweetapple and his airport committee have yet to resolve.

Peter Hering
Air Freight Editor,
British Shipper



A new scissors-lift vehicle for loading catering supplies undergoes evaluation tests at Manchester. For the first time, the maker says, all sizes of commercial aircraft can be loaded from the same vehicle

Vital role

CONTINUED FROM PAGE ONE

before they can be implemented.

It is hoped, however, that work on the new passenger terminal can begin in 1982, and that on the new cargo terminal in 1982-83. The new apron which will be between the sites for both these major developments is itself likely to cost about £5m, with work beginning October this year. Two aircraft stands will become available by June 1981, and the entire new apron, with another four stands — all for wide-bodied aircraft — will be ready for use in October next year.

Among other major developments that are part of the overall long-term plan are a new catering commissary, costing perhaps £3m, on which it is hoped work will start next year; additional surface car parks, to provide up to 1,000 spaces by next spring, with another multi-storey car park for 2,000 spaces planned to become operational in 1982-83.

Other projects include an extension to the existing fuel farm to provide up to 2m gallons of aviation fuel a year (with ultimately the possibility of a new fuel pipeline from Stanlow or Carrington also being considered); a new general aviation hangar; new offices for the airlines; an extension to the existing Excelsior Hotel; and new maintenance hangars, perhaps as many as five, a development in which some of the airlines using the airport are already showing considerable interest, although no firm decisions to build these have yet been taken.

Outside the MIA's own £150m expansion programme, there are other major developments for the airport which have been mooted, although no decisions have so far been taken on them. These include the possibility of a rail link directly into the airport, perhaps from the main Manchester-London British Rail line. This would cost perhaps as much as £50m, and would have to be financed either by British Rail or in some other way than through the MIA's own budget.

But, if the rail project were to come to fruition, it could mean that eventually the airport would be directly linked into the main trunk railway system to the Midlands and the South, as well as to other parts of Northern England and to Scotland.

Convinced

Finally, there is the question of a second main runway. In all the MIA's development plans, the possible line of a second runway has been preserved, but it must be stressed that for the immediate future, the plans do not envisage any such development, the expansion up to 16m passengers a year being based on the single runway concept.

The MIA does not believe that other airports such as Gatwick can be expanded to 25m passengers a year on one runway, but is convinced that between 12m and 16m can be handled before a second runway becomes necessary.

The longer-term possibility of any second runway must depend entirely upon the development of air traffic into the 1990s and even into the next century. At this stage, it is impossible for anyone associated with the airport—or indeed with civil aviation in this country—to say whether or not a second runway will ever be needed at Manchester. But prudent management must always be concerned with longer-term eventualities, and this is why in the development plans, provision is made for such a runway, running parallel with the existing runway, but to the south-east of it, and of much shorter length.

Air taxi business growing steadily

TWO NEW SMALL jets, a Lear 35A and an HS-125, have recently joined the fleet of aircraft based at Manchester, the latest additions to the airport's growing number of air taxis.

At Manchester, as elsewhere the general aviation sector including private flying has been growing rapidly, with the air taxi business recording—until the present recession at any rate—an annual growth rate of around 10 per cent.

Three air taxi companies are based on the south side of the airport, operating altogether around 16 aircraft. The biggest, Northern Executive Aviation, has been at Manchester since 1962 and operates a mixed fleet of aircraft from the twin-engine Commanche to the 500 mph Lear jet.

It has been joined by Air Kilroe, with a fleet of Piper piston-engine aircraft. The airport too is the home base for about 80 private aircraft and for the Manchester Flying School.

Not surprisingly, the pattern of business which comes the way of the air taxi companies is varied, with about 80-90 per cent, according to one of the companies, being booked two to five days in advance, and possibly 10 per cent being taken on the day.

Connections

For example, Northern Executive Aviation has taken an American professor from Manchester to North Wales in time for a degree ceremony after he had missed his connections, and has delivered engineering spare parts to a remote Arctic airport where a fishing vessel was stranded because of generator trouble.

About 75 per cent of the company's piston-engine work, however, is in the UK and involves ferrying parties of businessmen to see factories or to attend conferences. It was recently called upon to take a group from a big car manufacturer on a Manchester-Belfast-Dundee round trip after the company's travel department had decided that the logistics of doing this by scheduled services were too difficult.

North Sea oil work has also been an important source of business over recent years, though this has fallen off as the airlines have increased the number of destinations in, and their services to, the North of Scotland. But oil rig spares still have to be flown out occasionally by air taxi, though for Northern Executive Aviation freight amounts to not much more than 5-10 per cent of overall business.

The addition of jets could lead to significant changes in the pattern of business, opening a whole new range of destinations, as Captain David Antrobus, managing director of Northern Executive Aviation, points out. "The Learjet can fly at 45,000 ft and with its range of 2,000 miles gives us the potential to extend to West Africa, the Middle East and Eastern Europe," he says. All of the work carried out by the Learjet is already overseas.

It is hoped that the new business which the Learjet can attract will also help to counter the effects of recession which has already led to a decline in business of 10-15 per cent this year. This, according to Capt. Antrobus, is the first downturn Northern Executive Aviation has experienced since starting at Manchester.

Business is being lost partly as a result of the closure of companies in the North West and also as a result of the universal belt-tightening by industry throughout the area. Yet, as the air taxi companies like to point out, the hire of aircraft can very often be more economic than scheduled travel—usually when a full load is being carried—and can ensure that executives' time is more effectively spent.

The air taxi companies believe they may be able to pick up other business, too, as a result of the problems which the scheduled airlines are now beginning to experience. In the U.S., Captain Antrobus points out, high fuel costs has led to cuts in services to smaller airfields by scheduled operators and this in turn has resulted in extra business for the air taxi sector. The same could happen in Europe.

For the airport authority in Manchester, the growth of air taxi operations has provided a valuable additional service which can be marketed to potential customers. As well as giving an element of emergency cover for businessmen and others who miss vital connections, the air taxis make it possible to change at Manchester to fly on to a range of smaller airfields and, in some circumstances, it is possible to make an onward booking by air taxis when the original ticket is bought.

Decision

The importance of the sector to the airport is reflected in the authority's decision to build a new general aviation hangar by 1985 as part of the airport development plan.

With fewer than 20 aircraft and only a limited number of movements each day the air taxi companies have also found it reasonably easy to fit in their aircraft operationally on the runways with their bigger brothers such as the Boeing 747s. A more difficult situation has arisen in relation to private flying and the airport authority has indicated some restraints may have to be put on light aircraft used for pleasure flying.

The authority has hinted that restrictions in peak periods in the morning and evening, when commercial jets are making most use of the runway, may be introduced. And in the longer term it would clearly like to see growth in this sector being transferred to neighbouring airfields.

Rhys David

Fly-past by a Piper Twin Commanche belonging to one of the airport's three air taxi companies

Improved runway the key to future development

THE KEY to the economic success of any major international airport effectively lies in its runways—in their width, length and strength, which collectively dictate the size, range and payload performance, as well as the safety of the aircraft using them.

At Manchester—as, indeed, at some other major airports in the UK, including Gatwick—this is especially the case, for it is a single runway airport, basing its long-term delevolpment programme on the continued but expanding use of the same runway that was first laid in part during the Second World War (when the airfield was mainly used as a bomber test airfield and for training parachutists), and progressivly extended and improved in subsequent years.

Over the more recent past, the airport authority became aware of an increasing problem with the profile of the runway — the emergence, simply of a "hump" that was a legacy of both hasty wartime constructions, and the subsequent heavy use which the runway has been given.

While in the era of piston-engined and turbo-propeller aircraft this was not a serious problem, although perhaps sometimes an inconvenience, the increasing use in the more recent past of bigger, heavier jet airliners up to the size of the Boeing 747 Jumbo jets has emphasised the need substantially to modernise the runway.

Solution

At one stage, the possibility of building a second runway at the airport was seriously considered. This would have enabled the existing runway to be relegated, temporarily at least, while repairs were conducted on it in a more leisurely fashion.

But the heavy cost and the environmental problems entailed in any second runway effectively ruled this possible solution out entirely for the immediate future, and left the Manchester Airport Authority with the problem of repairing and improving the existing runway while still fully using the airport for passenger and cargo traffic.

While in the long-term development plans for the airport provision is being retained for a possible second runway should traffic demand ever build up to the point where it would be needed, for the immediate future all the airports plans are based on the single runway concept. This, it is believed, will be adequate certainly to carry the airport's capacity from the present 8m passengers a year at least to 10m to 12m by the mid-1980s and probably even beyond that level.

The first part of the overall plan for the runway—improving it by both strengthening it, ironing out the "hump" and widening it, as well as installing a new high-speed turn-off and improving associated taxi-tracks, has now been completed.

Unique

This has proved to be a unique civil engineering task, completed entirely during the night hours from 11 pm to 7 am six days a week while the airport has been closed to traffic. As a result, the airport has been able to remain operational during the remaining hours, and at no time have any of the engineering works caused serious delays to normal air traffic activity.

The civil engineering work was carried out by Wimpey Asphalt. It was conducted virtually like a military operation — indeed, it had to be, so meticulous was the planning required to ensure that every specific day's task was completed on schedule, with no over-runs either because of weather or other factors. It was essential to get the correct sequence of activities, involving the correct plant and machinery and the right types of labour, every night, so that not so much as one minute of those invaluable eight hours nightly was lost.

Before 11 pm every night, prior to the cessation of the day's flying, Wimpey Asphalt lined up its machinery and men in its compound at the edge of the airport, and on the dot, in strict battle order, they rolled out to the runway as soon as the last aircraft had either landed or departed.

Initially, the runway was widened along its whole length, including the provision of new drainage and lighting systems. Second, there was the task of laying successive thicknesses of Marshall asphalt — an especially quick-drying tough material — over most of the runway but especially over the area of the "hump" to smooth it out and give as flat a profile as possible to the runway surface.

By 6 am every morning, the night's task was all but done, save for the laying of a small ramp to connect the rest of the runway with where the new layers had been placed, ensuring a smooth run for landing and departing aircraft. Every night, that ramp had to be removed before the major runway works could be continued.

While the pace of work was dictated largely by the complexities of the task — for in addition to widening, ironing out the "hump," and resurfacing the runway there had to be extensive complementary activities on drainage and lighting — the weather also played a part, sometimes reducing the amount of work that could be done on any one night. But overall, this did not slow the pace, and the entire contract was completed ahead of schedule earlier this summer.

The runway is now smooth and level, a joy, indeed, to behold and to ride upon, and passengers may well feel that it is considerably more comfortable than those found at many other airports throughout Western Europe and the U.S.

The civil engineering achievement, in fact, has been remarkable. So much so, that both Wimpey Asphalt and the Manchester International Airport Authority have received many inquiries from overseas governments and airport authorities, anxious to renovate their own single runways without loss of operational capability.

Payloads

The next major step is for the runway to be lengthened by 800 feet to 10,000 feet, which will ensure longer take-off runs for the heavier wide-bodied jets, in turn giving either increased fuel loads or passenger and cargo payloads.

A 10,000-foot runway will enable the authority to offer prospective airlines a better radius of action, and it may well encourage many long-haul operators who do not already use the airport to consider doing so. One such operator is Qantas of Australia, whose 747 Jumbo jets could fly from the longer runway on one-stop operations to Australia, while other airlines, such as Laker, could make non-stop flights with full payloads to the U.S. West Coast.

The public inquiry into the planning application for the runway extension was held earlier this year, and the government has now approved the plan.

Tenders for the work, which will cost some £8m, will be invited this autumn, with contractor selection likely before next spring. The aim will be to complete the extension — which will involve the construction of major earthworks out over the valley of the River Bollin — by 1983.

But long before then, the airport management will be canvassing the world's major airlines, to stimulate their interest in Manchester's expansion. It is not going too far to say that the lengthening of the runway will revolutionise Manchester Airport's long-haul traffic growth through the 1980s.

This, in turn, will revolutionise transport concepts and travelling habits in industry in the North of England. Companies that are obliged to ship many of their goods, or send their executives, on long-distances via Heathrow, will be able to do so from their own doorsteps, via Manchester Airport, with all that means in savings of costs and of time.

While many people are prepared to criticise the existence of a major airport in their locality, because of its noise and other problems it may cause such as traffic congestion, few, even in industry itself really realise just what a major contribution to the economy of the locality the airport makes.

This comes not only in direct employment for airport workers, but also through the convenience of a wide spectrum of air services for both passengers and cargo immediately to hand.

The lengthening of the runway at Manchester, while it may seem to be costly to achieve, will in effect ensure for Manchester and the North of England as a whole a major economic benefit that will be felt throughout the rest of this century and well into the next.

Michael Donne

A focus of employment and growth in the region

AN ESTIMATED 5,500 people work at Manchester International Airport. Current development plans envisage the doubling of this figure over the next 10 to 12 years. The projection embraces airport authority employees, airline staff, private freight operators and everyone else whose livelihood can be attributed directly to the airport. To this must be added the significant—if not readily quantifiable—number benefiting from employment off-site by companies engaged in support services and supplies.

By any standard, then, the airport stands out as a focus of continuing growth potential in the north-west—and never more so than at present when the pace of decline in some of the region's traditional manufacturing industries is accelerating. It already ranks as a substantial centre of employment and by 1990 could be numbered among a nucleus of regional organisations generating work for 10,000-plus directly, as well as acting as a wider stimulus to complementary industrial and commercial development.

Two years ago the Government White Paper on airports policy, whose recommendations included the upgrading of Manchester to international gateway status, pointed out that air transport not only provided a substantial benefit to the economy but was an essential part of the industrial structure of a country that needed to live by trade. This is especially true of Manchester's airport at the centre of a region that has lived by trade for the best part of two centuries. The airport authority itself has forecast improvement in general employment prospects "over the whole area," as well as more jobs at the airport itself, as a benefit of further development.

The place of the airport in the north-west's shop window of industrial location incentives is clearly important and sometimes decisive, as in the case of Data General, the major American computer company, when it decided to set up a European training centre for its field engineers instead of flying them across the Atlantic to the U.S. for technical updating courses. The company chose a 60,000 sq ft development at the Birchwood science park at Warrington New Town after relegating initial front-runners London and Brussels.

Incentives

The main factor influencing the choice of Birchwood was the proximity of Manchester International Airport, said Mr. Wayne Fitzsimmons, Data General's general manager for the UK and Ireland. "England was chosen primarily because of the English language. Manchester Airport because of its position and the congestion existing in the south-east, and Warrington because it could offer the right incentives and accommodation," he explained.

According to Mr. Ian Lawrence of Cheshire's industrial development unit, evidence that the airport has influenced economic growth in that county is strong—"not just in the immediate vicinity but in the whole of Cheshire. The airport is one of the most important locational factors mentioned in most of the inquiries we receive," he said.

Today the *north-west* is a manufacturing, assembly or service base for the UK or European offshoots of an estimated 600 overseas companies. In many cases there is frequent travel between subsidiary and parent. The evidence suggests that nearness to an international airport is important to many of them and rates particularly highly in the priorities of companies involved in high technology at international level.

Siemens, the UK operation of the West German electrical giant, Siemens AG, illustrates the point. The company chose Congleton, Cheshire, for a significant manufacturing presence because it was vital that it should be based near an international airport for ready access to Europe.

Motorways have changed the face of communications and made journey times, rather than distance, the modern yardstick of travel. At no more than an hour's drive away, Central Lancashire New Town, based on Preston and two smaller neighbours, is justifiably able to beef up its marketing by citing nearness to an international airport. But of all four north-west new towns none has made more of its international air links than Warrington, the closest to the airport at only 20 minutes' driving time distance.

"The airport has always played a vital role in our industrial marketing strategy and will continue to do so," says Warrington Development Corporation, which as part of a campaign in France to win more French investment in the town, is presently pointing out that Paris is no more than 75 minutes' flying time away, with a return trip easily accomplished within the span of a day. Overall, the town is poised to celebrate the signing-up of its 50th overseas company in the near future. They have been drawn from around a dozen nations, including a particularly strong U.S. representation of 30 concerns.

But over the longer term it is established British industry which can claim to have contributed to the successful development of the airport, once described by Prince Philip as "the gateway to the world from the industrial heart of Britain." ICI Organics, a major exporter selling over 50 per cent of its production overseas, has divisional headquarters at the opposite edge of Manchester to the airport but included it in the reckoning, with motorways, when it chose Heywood as the site for one of the largest distribution centres in Western Europe. Divisional sales and technical staff make several hundred business flights a year from Manchester and the division receives a regular flow of visitors who arrive in the city by air.

"The nearness of the airport is quite important to us," says ICI. British Nuclear Fuels, with headquarters at Risley, makes the same basic point. "Like most companies we benefit very much from a passenger point of view. We have visitors flying in from all over the world," it says.

Catalyst

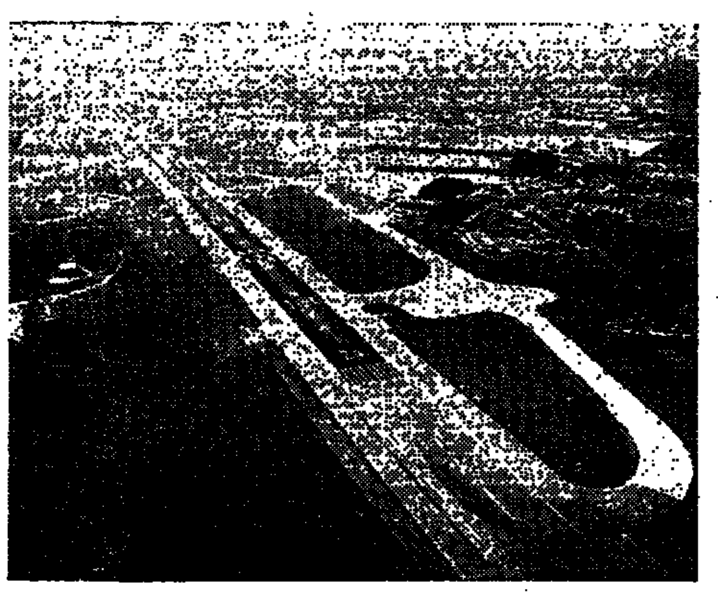
In the direct sense of the airport acting as a catalyst for wider investment and industrial estate development, it is the towns of Greater Manchester—especially the city of Manchester itself—which obviously stand to gain most benefit from airport expansion. The city has not analysed the ratio of companies whose presence can be attributed to the airport and assessment would be complicated in any event by the fact that many of them would be found to be located on the same south side as the airport, simply because this is the most popular side with many developers and tenants, for all sorts of reasons.

The consequence is a tightening supply of land for industrial development in South Manchester. "Whatever time of year, demand in this area still holds up," said Mr. Jeremy Hobson at the Manchester office of property agents Richard Ellis. It can encourage development of small sites, such as the 2½-acre scheme currently being embarked on at Roundthorn by Ranks Hovis McDougall.

There has been sustained institutional interest in this area of South Manchester and developers have had to operate in a competitive climate. Mr. Jack Hadwen, Manchester's director of industrial development, who lists two major green field sites of 50 acres and 30 acres still to be developed, said: "Land is going so fast in the south of the city that it's clear demand is still there, even in recession."

Tom Heaney

Noise levels cut by incentives



The resurfaced runway from the air. Take-offs are over relatively open countryside but landing noise affects a large part of the Manchester conurbation

THE DECISION allowing the Manchester International Airport authority to extend its main runway by 800 feet is likely to be greeted with a generally mixed reaction, for the door to further rapid expansion of the airport's passenger and cargo handling capacity has been opened.

Over the next five years Manchester is confident it can lift passenger numbers from the current 4m a year to 7m or more and by the year 2000—by which time a second runway may have been built, the total could be over 16m. Cargo, too, is expected to grow at a commensurate rate.

For those living nearby, however, this prospect holds none of the excitement which it engenders in airport officials. More passengers and freight will mean more aircraft, and more aircraft will mean more noise. In addition, the growth of the airport will result in more traffic on the ground and more pressure on open space—even though there is the compensation of a likely increase in the number of jobs at the airport from the present 5,500 to 10,000-12,000 by the end of the century.

The problem of being a good neighbour is one that Manchester, like all other major airports, has had to live with for a long time, but it is one which the airport authority believes it can claim to have tackled successfully and sympathetically. It starts admittedly with some advantages, including the location of the airport. Most of the time aircraft make their noisiest manoeuvre — take-off — over relatively open countryside, though there are some towns and villages such as Knutsford, Mobberley and Styal which lie firmly under the noise footprint.

Landings do affect a large part of the conurbation which stretches back from the airport to the North, with aircraft droning in over Stockport and passing at what seems to be rooftop height in Heald Green.

The runway extension, however, will affect relatively few properties though it will make necessary some realignment of the River Bollin which meanders through fields just south of the existing end of the runway. The scheme is nevertheless a much more acceptable alternative for most local residents than the earlier proposal debated by the authority of building a new and longer runway south of the present one.

This scheme, dropped eventually on cost grounds, would have taken the airport much closer to Styal, where a model industrial village—one of the first in Britain—was built in the early 19th century alongside an enormous mill. The whole estate has been preserved intact under the aegis for the past 40 years of the National Trust and the old mill is currently being developed as a museum of the textile industry. The proposed second runway will depend on traffic growth, but if built it will now be the shorter of the two and its environmental impact be more limited as a result.

Low-key inquiry

It is probably partly for this reason that the inquiry into the first runway's extension earlier this year remained surprisingly low-key, with the various local residents' and other protest groups putting a relatively restrained case. The airport authority would also like to think, however, that the efforts made over recent years to improve conditions for local residents have helped to create a better atmosphere.

Perhaps most important has been the authority's pioneering scheme to encourage quiet operation of aircraft by means of financial incentives. Every take-off at Manchester is monitored automatically and an immediate read-out appears on telex via a computer in the authority's offices.

If the take-off noise is below the prescribed levels the airline becomes eligible for a reduction of 20 per cent in its next landing fee. If it is above, the airline is asked to provide an explanation, and if this is not satisfactory penalties can be imposed. The airline may lose part of its night jet allocation, or may even be asked to take offending pilots off Manchester routes. A monthly league table is also issued giving the performance of the various airlines using the airport.

As a result of the scheme the number of aircraft exceeding the prescribed noise levels has dropped from more than 50 per cent to less than 1 per cent and airlines have in the process saved not only on landing fees but on increasingly expensive fuel. The airport authority attributes a marked reduction in the number of noise complaints from local residents to the introduction of the scheme and claims that Manchester is now one of the quietest airports in Europe.

Other factors, too, have played a part, including the phasing-out of many older jets. Manchester still has its share of these but many of those using the airports have been fitted with hush-kits in anticipation of Government regulations on permissible aircraft noise levels due to come into force by the mid-1980s.

Manchester City Council, too, has sought to improve the lot of residents affected by noise through the provision of noise insulation grants. Under its basic scheme grants of 75 per cent for scheme costing up to a maximum of £480 are paid, and under a special scheme for properties which are particularly close, grants of 95 per cent for schemes costing up to a maximum of £870 have been available.

The scheme has been running for eight years and in that period grants totalling £317,000 for private property and £380,000 for council property have been paid. With most of the households eligible now covered, the present scheme is due to run out at the end of October.

However, a new scheme may be introduced to deal with the impact of the second runway if this is given the go-ahead. A new evaluation of noise at the airport is also being carried out at present by the airport's noise consultant and his report is expected to be available soon.

There are, of course, other ways in which the airport can affect the environment, not least the pressure it puts on local services. There have been major problems this summer with parking because of the number of people wanting to leave their vehicles for the duration of their holidays. As a result the peak weeks have seen approach road verges lined with parked cars.

The visual impact which the airport makes will also increase as new buildings, including new terminals and maintenance facilities, are erected, bringing development out to the periphery of the present site. However, the authority has pursued from the start a policy of landscaping which makes extensive use of trees, shrubs and flower beds to break up the monotony of large areas of tarmac, concrete, and bricks.

Rhys David

WORLD STOCK MARKETS

Early Wall St. rise of 6.3

STOCKS ON Wall Street mainly improved in heavy early dealings yesterday amid indications that there will be no early change in the price and supply of oil as a result of the current OPEC meeting.

The Dow Jones Industrial Average recorded a rise of 6.31 at 943.94 at 1 pm, while the NYSE All Common Index climbed 50 cents to $73.25 and rises led falls by a nine-to-four margin. Turnover was up sharply to 38.91m shares from the 23.82m registered at 1 pm on Monday.

Most active Sony gained ¾ to $15 on volume of more than 1m shares. The company reported higher third quarter earnings and said it expects a continued strong performance.

Among Railroads, Union Pacific advanced 2¼ to $51¼ and Missouri Pacific ¾ to $69½. Union Pacific has asked the Interstate Commerce Commission for authority to merge its Union Pacific and Western Pacific railroads with Missouri Pacific. Union Pacific has agreed to acquire Missouri Pacific.

Santa Fe rose another 3¼ to $67½ but Southern Pacific was unchanged at $39. They have ended merger talks.

Schering-Plough put on $1 to $43¼. It said Biogen SA, in which it has a minority stake, has successfully produced fibroblast interferon through recombinant DNA techniques.

THE AMERICAN SE Market Value Index gained 1.64 to 341.10 at 1 pm. Volume 5.17m shares (3.15m).

Canada

Markets picked up yesterday morning in busy trading after Monday's setback. The Toronto Composite Index rallied 5.6 to 2,324.7 at noon, while Golds recouped 28.5 at 5,964.1, but Oil and Gas eased 8.4 more to 4,717.1.

Closing prices for North America were not available for this edition.

Tokyo

After Monday's holiday closure, the market showed fresh firmness yesterday morning as many orders were placed by foreign investors through major securities firms. However, prices began slipping under profit-taking pressure towards the close, leaving mixed movements on the day.

The Nikkei-Dow Jones Average managed to hold a small net gain of 2.54 at 7,020.16, a new closing record high, while the Tokyo SE index ended 0.24 off at 485.50. There was a fairly active trade of 350m shares, compared with Saturday's half-day session total of 280m and last Friday's full-day volume of 440m.

Some investors, worried over the fact pace of price increases in recent sessions, apparently later sold Blue Chips in particular to take profits in case of a sharp downturn. Sony, however, strengthened Y40 more to Y3,050 in Light Electricals on expectations that its business performance would be good. The third-quarter results were due to be announced just after the close.

Hitachi also ended on a bright note with a rise of Y6 at Y326, but Pioneer Electronic shed Y30 to Y2,350, TDK Electronic Y40 to Y2,880, Matsushita Electric Y13 to Y766, Canon Y7 to Y640 and Nippon Oil Y40 to Y1,360.

Some Constructions and Real Estates firmed, responding favourably to news that the Construction Ministry is considering reviewing the present urban building laws in an attempt to promote supplies of residential land. Heiwa Real Estate rose Y12 to Y599.

Germany

Some equities made late gains after an uninspired start as institutional buyers found their way to the market. The Commerzbank index recovered 2.6 to 719.0 after the recent decline.

Stores and Machinery Manufacturers performed the best, with Kaufhof gaining DM 2.30 and GHH DM 2.20.

However, the weakness of the Bond markets remained a restraining factor on the stock market. Public Authority Bonds continued under heavy selling pressure, falling as much as 70 pfennigs more with the Bundesbank buying DM 48.8m nominal of paper (DM 30m). Eurobonds sustained losses stretching to a full point.

Amsterdam

Shares closed firmer-inclined, with the Dutch 1981 Budget receiving a reasonable initial reception in the market.

Australia

Lower Gold Bullion prices and indications that OPEC members would fail to agree oil production cuts and price rises saw a number of Metal Mines and Oils decline on profit-taking. Industrials, however, closed firmer for choice. The Sydney All Ordinaries index retreated 5.98 from Monday's all-time high to close at 980.16.

Among Gold issues, North Kalgurli lost 10 cents to A$2.05 and Golden Valley 20 cents to A$1.30. Peko-Wallsend, up sharply of late on its Tennant Creek gold find, shed 10 cents to A$10.70. Central Norseman, however, were 10 cents firmer at A$12.40.

Kitchener stood out strongly against the downtrend, following Monday's advance of 90 cents with a fresh rise of 60 cents to A$6.50, boosted by encouraging assay results from the Bamboo Creek gold find in Western Australia. Partner CRA, however, declined 10 cents to A$6.40.

Aberfoyle Tin improved 20 cents to A$8.80. But elsewhere in Minings, MIM, up 30 cents the previous day, came back 24 cents to A$5.76 when hopes of an offer of Asarco's 49 per cent equity interest in MIM were not realised.

Among Oils, Santos and Vamgas eased 10 cents apiece to A$13.80 and A$6.70 respectively after the recent upsurge on their Dullangari No 8 well oil flow. Hartogen lost 20 cents to A$6.10, but Ampol Exploration rose 20 cents to A$3.00.

In the Industrials sector, BHP relinquished 25 cents to A$15.60, but Elder Smith, which announced good results and a bond issue late yesterday, were up 10 cents at A$3.60. Bond gained 17 cents to A$2.75.

Hong Kong

Stocks closed generally easier after further active trading, with the Hang Seng index slipping 7.80 to 1,222.93.

The day was marked by steady profit-taking in the absence of any further encouraging news, although a late rally saw prices generally finish above the day's lows.

Jardine Matheson continued very strong, however, adding 70 cents at HK$23.80 after Monday's ris eof HK$1.00. Swire Pacific "A" was the only other leader to rise, gaining 10 cents to HK$8.45.

Cheung Kong lost 30 cents to HK$ 26.80, Hutchison Whampoa 40 cents to HK$ 12.40, Hongkong Wharf HK$ 1.80 to HK$ 25.50, and Hong Kong Land 20 cents to HK$ 17.30.

Hang Seng Bank shed HK$ 2 to HK$ 133, while in Utilities, Hongkong Telephone declined 20 cents to HK$ 25.00 although China Light added 30 cents at HK$ 20.90. Sun Hung Kai Properties receded 30 cents to HK$ 15.50 but Swire Properties firmed 10 cents to HK$ 8.50.

Johannesburg

Gold shares drifted easier in very quiet trading, but closed steady at the lower levels in line with the Bullion price.

Heavyweights lost up to 300 cents, while Mediums and Lightweights were generally between 5 and 75 cents easier.

Mining Financials were mostly lower, with Amgold down R5 at R130, while De Beers lost 30 cents to R13.25. Platinums and Coppers also tended to decline, Rusplat receding 15 cents to R8.50. Industrials were mixed to lower.

CANADA

Stock	Sept 16	Sept. 12
Abitibi	23¾	23⅞
Agnico Eagle	20	21¾
Alcan Alumn	41½	41⅝
Algoma Steel	37	37
Asbestos	30½	30¼
Bk Montreal	30⅝	30⅞
Bk Nova Scotia	32¼	32¼
Basic Resources	14⅝	15⅛

BELGIUM (continued)

Sept. 16	Price Frs.	+ or −
Petrofina	4,790	−65
Royale Belge	5,616	−4
Soc Gen Banq	2,355	......
Soc Gen Belge	1,304	−6
Sofina	3,345	−55
Solvay	2,530	−15
Traction Elect	2,455	−25
UCB	1,208	......
Union Miniere	736	......

HOLLAND

Sept. 16	Price Fls.	+ or −
ACF Holding	67.6	+0.1
Ahold	70.8	+1.5
AKZO	21.9	+0.3
ABN	328	+4.5
AMEV	90.3	+0.8
AMRO	67.8	+0.7
Bredero Cert	194	+1
Bos Kalis	93.8	−0.6

AUSTRALIA

Sept. 16	Price Aust. $	+ or −
ANZ Group	4.68	−0.04
Acrow Aust	1.12	−0.05
Allstate Expl	2.25	−0.15
Ampol Pet	1.66	+0.07
Assoc. Pulp Pap.	2.22	......
Audimco	0.29	−0.01
Aust Cons Ind	2.09	−0.05
Aust Guarant	1.45	−0.05
Aust Nat Inds	2.80	−0.10

JAPAN (continued)

Sept. 16	Price Yen	+ or −
Kubota	371	[illegible]
Kumagai	450	−5
Kyoto Ceramic	3,770	+40
Lion	375	−5
Maeda Cons	572	−8
Makita	1,010	−20
Marubeni	406	[illegible]
Marudai	606	[illegible]
Marui	665	−3

COMMODITIES AND AGRICULTURE

UK harvest boosts trading

BY JOHN EDWARDS, COMMODITIES EDITOR

A FORECAST from the Home-Grown Cereals Authority that the U.K. cereal harvest this year will be a record brought heavy trading on the London grain futures market yesterday. Turnover jumped to 1,178 lots of 100 tonnes each—double the normal daily average.

Prices, however, closed marginally higher after being under heavy selling pressure in the morning that reduced values to new contract lows. Dealers said that turnover was boosted by "switch" trades as a result of two opposing influences.

The prospect of bumper supplies, poor demand and the threat of the docks strike holding up sizeable grain exports all encouraged selling, particularly of nearby positions.

However, speculation of a cut in UK interest rates in the near future encouraged trade houses to buy "spot" supplies against matching sales of forward months at prices based on current interest rate differentials. This will mean an almost guaranteed profit if interest rates are reduced.

Apart from this technical aspect, the market is full of gloom. There is now little doubt, with over 95 per cent of the English crop harvested, that UK grain production will top last year's 17.3m tonnes.

The latest assessment by the Home Grown Cereals Authority is that the crop will reach 18.2m tonnes—9.9m tonnes of barley; 7.6m tonnes of wheat and 0.7m tonnes of other garins. However it is felt that when the Ministry of Agriculture gives its first yield estimates shortly the total production forecast could be raised nearer to 20m tonnes.

It is generally agreed that yields this year have been high on average, and much better than expected. Allied to increased wheat plantings this should result in substantially higher production. The main question now is just how big the crop will turn out.

A great deal of this surplus grain is going into intervention. It is estimated that some 400,000 tonnes of grain—120,000 of bread-making quality wheat and 330,000 tonnes of barley.

A docks strike, preventing exports at a time when Britain is flush with harvest supplies, might be disastrous, even though it would prevent imports of hard wheat and maize from North America.

Coffee rallies from new lows

By Our Commodities Staff

LONDON coffee futures fell to new life-of-contract lows yesterday before rallying to close slightly higher. The November position declined to £1,068 at one point closing at £1,090.5 a tonne, £5 up on the previous day.

The market was reacting cautiously, awaiting any decision from the current bills in ondon, aimed at rejuvenating the International Coffee Agreement. Producers and consumers held separate meetings yesterday to decide on their negotiating positions.

Dealers pointed out that if values fell below £1,000 it would be uneconomic for some producing countries to grow coffee.

Commenting on ICO estimates of world exportable coffee for 1980/81 in the year beginning October 1, dealers said the estimate of 63.07m bags might be a little high. Consumption, they said, was likely to be about 55m bags.

Soyabean output expected to rise

WASHINGTON — The U.S. Agriculture Department estimated world soyabean production in the 1981-82 crop year at 93m tonnes, about 10 per cent above this year, but slightly below the record volume of 1979-80.

USDA, in projections released in connection with the proposed 1981 soyabean and feedgrain programmes, said world syoabean supply is forecast at a record 103.6m tonnes, up 6 per cent from 1980-81.

Congress backs higher grain support price programme

BY NANCY DUNNE IN WASHINGTON

LEGISLATION PROVIDING for an expanded price support loan programme for U.S. farmers was approved by a House-Senate conference committee here and is being got ready for final passage before Congress adjourns in early October.

The legislation, introduced as an amendment to a Child Nutrition Bill, would raise loan rates to a total of not less than $3.30 a bushel for wheat and $2.40 a bushel for maize (corn).

The Bill has widespread Congressional and Administration support in this election year when farmers have already expressed deep anger about President Carter's limited ban on grain sales to the Soviet Union.

With the release of an Agriculture Department report in July showing large increases in wheat production costs, the Administration moved to raise loan rates to $3 for wheat and $2.25 for maize, but further legislative action was needed to raise them still higher.

The programme being expanded provides loans for farmers who agree to keep their wheat in the three-year farmer-owned reserve, which is designed to stabilise the market. The reserve, supposed to hold between 300m and 700m bushels of grain, is now understrength at about 225m bushels because farmers have not found it profitable to hold grain off the market. The price of grain here is now almost $4.

Rigid conditions have been specified for release of wheat from the reserve which provide that it can be used only in case of famine and other extraordinary overseas needs, not for routine food assistance.

It was further specified that USDA must report to the House and Senate Agriculture Committees whenever it plans to replenish the reserve by open-market purchases in an amount over 500,000 tonnes.

More Soviet sugar buying reports

BY OUR COMMODITIES STAFF

EVIDENCE is growing that the Soviet Union has bought more than 1m tonnes of sugar in the past week because of fears that its own crop will be poor. Market traders said the amount of Soviet buying was only an estimate because of the secretive USSR commercial dealings, but deals may have reached 1.65m.

The trade also claimed that the Russians were still looking for sugar. Reports suggested that orders for 750,000 tonnes had been placed with a British house and 600,000 tonnes with French sugar dealer. The remaining 300,000 tonnes could have come from companies in Britain and West Germany.

On the London terminal market yesterday prices initially fell on scattered sell-at-best orders. Later, support came on reports of Polish buying of up to 100,000 tonnes of sugar for nearby delivery and estimates of a lower South African crop. March futures reached a high for the day of £397 a tonne, but later fell back to close at £388.20 a tonne; more than £8 down on Monday's closing level.

Dealers said that the market had already written in Soviet buying of up to 2m tonnes of sugar, though it is unusual that Moscow is buying ahead of the harvesting of its own crop. This suggests that Soviet sugar may be well below the 9.203m tonnes target. Deferring of the harvest until September 20, late spring plantings and excessive summer rains, plus reports that the crop is weedy and roots small in size, all suggest that the Soviet sugar harvest may be about 8m tonnes.

In addition, the poor Cuban crop, affected by rust, and reports of other countries anxious to buy may have helped to induce Moscow into the market early.

Farmland prices rising

By Sara Davies

THE AVERAGE value of farmland in Britain has risen by 6 per cent in the first six months of this year, according to market statistics.

A report by Farmland Market published this week shows that the average price of land with vacant possession sold in Britain during the first half of 1980 was £1,939 an acre, compared with £1,828 for the second half of 1979, a rise of £111 an acre.

In Wales prices went up from £1,073 to £1,540 an acre for the same period, a rise of £467 or 43 per cent, but this was mainly due to a recovery from the severe price drop in Wales last autumn, the report said. In the eastern counties of England prices fell from an average £2,042 to £1,919 an acre.

Farm size units of between 24 and 49 acres showed a drop of 11 per cent, and farms between 259 and 349 acres a drop of 13 per cent, while intermediate size groups showed increases of up to 11 per cent on average.

The authors of the report point out that the figures should be considered in the context of a one-third drop in farm sales in the first six months of this year, with the shortage of sales causing a rise in price of good land available and a resulting drop in the price of poor quality land which had been overvalued in the prices boom of early 1979.

For the rest of the year the report sees little likelihood of an autumn price boom, but existing price levels should be maintained due to continuing buying interest.

Locust control hampered by civil war

ACCRA—The civil war in Chad is hampering efforts to control the worst plague of locusts in Africa for 40 years, according to African experts tackling the problem.

They say the locust invasion currently extending over 400,000 square kms in Chad, Cameroun and Nigeria, could spread and have catastrophi effects on the agriculture of many subSaharan countries.

Reuter

UK CANNED FRUIT

EEC import barrier holds prices down

BY A CORRESPONDENT

AS THE season for canned fruit imports nears its end, growers in the southern hemisphere countries that provide the bulk of supplies to Britain are counting blossom on trees as a guide to the yields that will help decide prices in the coming year.

Considerably more than blossom, however, will determine the extent to which values for 1981 depart from those of 1980, when some grocery chains have been able to promote canned fruit with the boast that prices remained unchanged from those of the year before.

Partly this has been due to the strength of sterling, but the stability of prices for canned fruits during these inflationary times provides a lesson in what can be achieved by producers fighting for survival when they start from behind scratch.

Scratch, for Australia and South Africa, which used between them to command some 80 per cent of the British market, could be equated with the trading conditions that existed in the Commonwealth before Britain's entry into the Common Market. Britain's membership of the EEC confronted the traditional canned fruit suppliers with a 24-per-cent tariff barrier which, by the standards of the time, threatened doom for a product whose prices consumers had been accustomed to see rising at only 2 or 3 per cent a year.

Rationalisation of production and marketing, the backwardness of competition receiving EEC protection and the ravages of inflation have, however, changed fears to relief. Prices in the past season have averaged an increase of only 8-9 per cent, well below inflation, and this has resulted in canned fruit becoming cheaper in real terms.

It has been questioned whether such restraint can be repeated for the second year running, much as the traditional southern hemisphere suppliers would like to head off the incursions of Greece and Italy. Until 1978, Greek canned fruit on the British market was negligible, but more peaches are now coming here from that source than from Australia. Italy's tonnages of pears have rapidly increased so that they are now running at about half Australia's.

In addition to the tariff advantage Italy receives "production aid" from the Community for its pears and peaches. As it works up for Common Market entry Greece is supplying producers with its own national production aid which presumably the EEC will be asked to maintain one Greece joins.

Against the encroachmen of Mediterranean suppliers on this and other markets where their dominance once seemed unassailable, Australia and South Africa offer quality as a first line of defence. They are confident that the margin of superiority that their fruit and America's enjoys over Mediterranean will not readily disappear and that the discounts available for some such newcomers to the market, where margins of 20-25 per cent are available to wholesalers willing to buy cans containing fruit that is perhaps a bit overcooked or picked too ripe, will not seduce traders whose business has been built on dealing in the best.

Confidence on the score of quality is especially strong with Australia the world's specialist pear producer, were farmers hold plantations of the fruit in such esteem as to have coined the adage "pears for heirs."

The British canned fruit market has assumed a deeper profile of quality than before, established brands at the top sharing prestige with "own labels" put up by supermarket chains who will not compromise their reputations with second-best, and at the bottom nondescript brands that are regularly changing — forming between them a spectrum in which the price of a can may currently vary from 19½p to 29½p.

While the lower end may be despised, it cannot be ignored, for it tends to dictate prices throughout the market and what is happening in the Petticoat Lane of thet rade is of quite immediate concern to those higher up in deciding at what levels to offer their fruit for the coming year.

Those who predict that values for 1981 will again lag behind inflation point out that because shippers are under pressure to maintain loads and bunkering costs will be less horrific than of late, there will be some easing of the important freight factor in calculations.

Also with retail stores in the doldrums and inflation slowing, restraint is more than ever expected of a commodity whose sales have become so identified with it.

Tipsters say they would be surprised to find southern hemisphere producers fixing their 1981 canned fruit prices at more than 10 per cent above those under which the final deliveries of 1980 stocks are now taking place.

NZ wool shipping change

BY DAI HAYWARD IN WELLINGTON

THE NEW ZEALAND Wool Board is to terminate the contract with the European Shipping Conference to carry New Zealand wool. The contract will end in October 1982.

The review of the contract will probably mean more shipping companies and smaller independent lines getting a share of the lucrative New Zealand wool trade.

The European Conference Line, which includes British German and other European lines, carries 70 per cent of New Zealand's wool, but New Zealand farmers think the Conference has been too exclusive and this has not been in the interests of the New Zealand wool industry.

Pressure from the Belgian ABC Container Line, which offered NZ farmers a cut inwool freight rates, has helped precipitate the Wool Board's decision.

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Marginally easier on the London Metal Exchange. The sharp decline in overnight American markets saw three months open lower around £875 before edging up to £879 on good trade interest. Thereafter the market held steady around the £880 level prior to closing the late kerb at £884 reflecting modest fresh buying interest. Turnover: 20,025 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	858-9	—5.75	859-60	—2.25
3 months	880-1	—9.5	882-2.5	—7
Settlem't	859	—5.5	—	
Cathodes				
Cash	829.5-30	—7.75	830-2	—5.5
3 months	854.5-5.5	—6.5	856-7	—6
Settlem't	830	—8	—	......
U.S. Prod		......	*95.5-102	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £859. Three months £879, 79.5, 80, 81, 82, 81, 81.5, 82, 81. Cathodes: Cash £830. Three months £855. Kerb: Wirebars: Cash £868. Three months £882, 81, 82. Cathodes: Untraded. Afternoon: Wirebars: Cash untraded. Three months £882, 83, 82, 82.5. Cathodes: Cash untraded. Three months £856. Kerb: Wirebars: Three months £882, 82.5, 83, 84. Cathodes: Untraded.

TIN—Erratic. Forward metal opened easier at £7,260 following the fall at Penang, but rallied to £7,380 in the morning rings owing to revived physical interest. In the afternoon the price held at £7,300 until the kerb when aggressive buying from one quarter prompted a sharp rise to £7,405 at the close. Turnover: 3,395 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7250-70	—12.5	7260-75	+22.5
3 months	7300-10	—17.5	7290-300	—2.5
Settlem't	7270	—5	—	......
Standard				
Cash	7250-70	—12.5	7260-75	+22.5
3 months	7300-10	—17.5	7290-300	—2.5
Settlem't	7270	—5	—	......
Straits E.	†$2200	—35	—	......
New York	—	......		

Morning: Standard: Cash £7,280. Three months £7,300, 10. High Grade: Untraded. Kerb: Standard: Three months £7,290. High Grade: Untraded. Afternoon: Standard: Cash £7,280, 80. Three months: £7,300, 10, 7,300. High Grade: Untraded. Kerb: Standard: Three Months £7,300, 20, 40, 50, 60, 70, 75, 80, 75, 90, 7,400. High Grade: Untraded.

LEAD—Higher following speculative buying interest which lifted three months from around £385 in early trading to a day's high of £393 prior to a close on the late kerb of £392. Turnover 8,100 tonnes.

Morning: Cash £372. Three months £385, 87. Kerb: Cash £372. Three months £387.5, 88, 88.5, 88, 89. Afternoon: Cash £375. Three months £389, 90, 89, 89.5, 90, 91, 91.5, 92. Kerb: Three months £393, 92, 91, 92, 91.5.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	371.5-2	—2.5	375-6	+2.5
3 months	387-.5	—3	391.5-2	+3.75
S'ment	372	—2.5	—	

I.G. Index December Sterling 236.00-237.00

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CORAL INDEX: Close 498-503 (−2)

COCOA

COFFEE

GRAINS

SILVER

WOOL FUTURES

RUBBER

No. 1 RSS in Kuala Lumpur of 310 (311) cents a kilo and SMR 20 at 273 (same).

PRICE CHANGES

In tonnes unless otherwise stated.

SOYABEAN MEAL

SUGAR

POTATOES

COTTON

JUTE

MEAT/VEGETABLES

AMERICAN MARKETS

NEW YORK, September 16.

PRECIOUS METALS advanced sharply as more specific information on OPEC pricing policies became public. Copper rallied on a favourable report on industrial production. Sugar came under pressure on technical selling but recovered most of its losses. Coffee was higher on reports of wind damage in the Brazilian growing areas. Cocoa showed little change as setbacks uncovered good support. Cotton recovered from limit losses but still finished lower for the day. The pork complex was extremely strong on good demand while cattle were mixed. A closing rally in grains and soyabeans produced spectacular gains on local buying and short-covering, reported Heinold.

Copper—Sept. 92.50-93.00 (91.10), Oct. 93.65 (91.80), Nov. 94.50, Dec. 95.20-95.40, Jan. 96.20, March 98.00, May 99.80, July 101.25, Sept. 102.90, Dec. 105.40, Jan. 106.30, March 108.00, May 109.70, July 111.40. Sales: 6,800.

Potatoes (round whites)—Nov. 90.6 (90.6), March 126.4-127.0 (126.6), April 147.8-148.3. Sales: 1,794.

Sugar—No. 11: Oct. 36.13-36.30 (37.08), Jan. 37.20 (37.75), March 38.60-38.80, May 38.20-38.30, July 37.15-37.25, Sept. 35.60-35.85, Oct. 34.65, Jan. 31.15-32.00.

Tin—815.0-820.0 (810.0-815.0).

CHICAGO, September 16.

Lard—Chicago loose 23.00 (23.23). New York prime steam unavailable.

Live Cattle—Oct. 69.05-69.00 (69.05), Dec. 71.00-71.10 (70.92), Jan. 71.85, Feb. 72.65-72.55, April 74.60-74.70, June 75.85-75.80, Aug. 75.40, Oct. —, Dec. 74.50.

Live Hogs—Oct. 47.40-47.52 (46.05), Dec. 51.00-50.90 (49.62), Feb. 54.55, April 52.57, June 57.02, July 58.05-58.10, Aug. 56.55, Oct. 53.50, Dec. 54.20.

‡‡Maize—Sept. 349 (346), Dec. 351¼-352 (348½), March 363-363½, May 367½-367¼, July 367¼-367, Sept. 358½-359.

Pork Bellies—Feb. 70.35 (68.35), March 70.20 (68.20), May 71.55, July 72.00, Aug. 70.60.

Silver—Sept. 2100.0-2105.0 (1955.0), Oct. 2083.5 (1993.5), Nov. —, Dec. 2132.5, Feb. 2184.5, April 2236.5, June 2288.5, Aug. 2340.5, Oct. 2392.5, Dec. 2444.5, Feb. 2497.5, April 2550.5, June 2603.5, Aug. 2656.5, Oct. 2709.5, Nov. —, April —.

‖Soyabean Meal—Sept. 243.0-242.0 (235.3), Oct. 243.0-242.5 (236.3), Dec. 249.0-248.5, Jan. 250.0-250.5, March 253.0, May 253.0, July 252.5, Aug. 244.0-246.0, Sept. 242.5-243.0.

Soyabean Oil—Sept. 26.85 (26.77), Oct. 26.95-27.04 (26.88), Dec. 27.75-27.70, Jan. 27.95-28.00, March 28.40-28.55, May 28.65-28.70, July 29.00, Aug. 28.90-28.95, Sept. 28.80-28.90.

†Wheat—Sept. 473½ (468½), Dec. 489-490 (486), March 508½-507½, May 514½-515, July 512, Sept. 519¾.

WINNIPEG, Sept. 16. §Barley—Oct. 137.00 (136.10), Dec. 139.10 (138.00), March 140.50, May 140.50, July 139.70.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, Sept. 16.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Oct. $210, Nov. $212, Dec. $216, Jan. $223, Feb. $227, March $231. U.S. No. 2 Red Winter Oct. $200, Nov. $202. U.S. No. 2 Northern Spring, 14 per cent, Sept. $209.50, Oct. $213, Nov. $216, Dec. $222.50, Jan. $242.50, Feb. $244.50, March $247.50.

Maize—Afloat $164, Sept. $162.50, Oct. $162, Nov. $164.50, Dec. $168, Jan./March $175, April/June $176.50, July/Sept. $177, Oct./Dec. $183.

SOYABEANS—U.S. Two Yellow Gulf-ports Sept. $327, Sept.-Oct. $326.50, Oct. $329, Nov. $330.70, Dec. $339, Jan. $344 seller, Feb. $349.50 buyer, $350.50 seller, March $351.50 paid, $351.75 seller, April $354.75, May $355.75 seller; Argentine afloat $317, Sept. $320, Oct. $322.25 seller.

SOYAMEAL—44 per cent protein U.S. afloat $290, Sept. $290, Oct. $290, Nov.-March $300; Brazil Pellets afloat $293, Sept. $295, Oct. $301, Nov. $306, Dec. $308, Nov.-March $312.50.

PARIS, September 16

COCOA—(FFr per 100 kilos). Sept. 1000, Dec. 990-995, March 1020-1030, May 1040-1050, July 1050, Sept. 1050-1090. Sales at call 0.

SUGAR—(FFr per 100 kilos). Oct. expired, Nov. 3500-3610, Dec. 3620-3625, March 3775-3780, May 3750-3790, July 3680-3750, Aug. 3695-3720, Oct. 3555-3580. Sales at call 14.

INDICES

FINANCIAL TIMES

Sept. 15	Sept. 12	Mnth ago	Year ago
280.11	282.15	272.72	291.46

(Base: July 1, 1952=100)

MOODY'S

Sept. 15	Sept. 12	M'nth ago	Year ago
1302.2	1313.3	1257.2	1126.6

(December 31, 1931=100)

DOW JONES

Dow Jones	Sept. 15	Sept. 12	Month ago	Year ago
Spot	466.55	468.35	446.56	407.32
F'tur's	478.21	478.68	460.75	414.80

(Average 1924-25-26=100)

REUTERS

Sept. 16	Sept. 15	M'nth ago	Year ago
1763.2	1769.1	1723.2	1621.5

(Base: September 18, 1931=100)

Boxes 72 5.50. Lemons—Italian: 100/150 6.00-6.50; Spania: Trays 25/45 2.40-2.80, Boxes 5.50-8.00; Outspan: Trays 45/75 4.80-5.00. Grapefruit—Dominican: ...

English Produce: Potatoes—Per bag, new 1.20-1.80. Mushrooms—Per pound 0.50-0.70. Apples—Per pound Grenadier 0.04, Howgate 0.06-0.07, Derby 0.06, ...

LONDON STOCK EXCHANGE

Sentiment again undermined by dock strike threat but Gilt-edged and equities close above lowest

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept. 1	Sept. 11	Sept. 12	Sept. 22
Sept. 15	Sept. 25	Sept. 26	Oct. 6
Sept. 29	Oct. 9	Oct. 10	Oct. 20

* "New time" dealings may take place from 9 am two business days earlier.

Investment confidence in London stock markets was undermined again yesterday by the possibility of the first national dock stoppage in eight years — and the threat it poses to industry already experiencing deep recession. Government stocks and leading shares both opened lower and, in the continued absence of institutional buyers, slipped further. Sentiment in Gilt-edged was also sensitive to Sir Keith Joseph's views about the lack of scope for an early reduction in Minimum Lending Rate.

Following the initial markdown, Gilt-edged backed away from occasional nervous offerings and both long and short maturities were soon showing falls of between ½ and a full point. Later news of the *adjournment in the dockers'* talks revived faint hopes of a settlement of the dispute. Bear-covering then reduced the losses in the longs to around ⅜, although one or two stocks displayed larger falls, while shorter-dated issues closed with losses ranging to about ½, after ¾.

Despite the dock strike worries, leading shares encountered little selling of any size. Distillers, however, were actively sold but the stock was eventually absorbed and the loss limited to only a few pence. **Dunlop**, on the other hand, benefited from speculative London demand following this week's disclosure of Far Eastern share stake building. Electricals, in places, regained composure in the absence of any repetition of Monday's pressure, with **GEC** and **Thorn EMI** managing to close higher after sustaining further falls. Other leaders were unable to recover to the same extent as reflected in the FT Industrial Ordinary share index which, after being 4.9 down at 3.00 pm, closed a net 2.4 off at 498.3.

Lonrho again attracted an active Traded options business, contributing 248 deals to a total of 1,088. Also in demand were **Imps**, 143 trades, and **Courtaulds**, 176.

Willis Faber pleases

Oil Rig Exploration staged a bright market debut; from an opening level of 92p, the shares attracted good buying and closed at 105p compared with the placing price of 67p; the shares are dealt under Special Rule.

Willis Faber highlighted Insurances with a rise of 15 to 248p, after 255p, in response to the much-better-than-expected, 18 *per cent, increase in first-half* profits. Other Lloyd's brokers rose in sympathy with **Stewart Wrightson** closing 8 up at 230p and **C. E. Heath**, 207p, and **Sedgwick Forbes**, 127p, rose 7 apiece. **Hogg Robinson** appreciated 6 to 138p and **Alexander Howden** put on 2 to 101p. Elsewhere, Life issues reacted on profit-taking. **Hambro Life** lost 7 to 298p, **Equity and Law** relinquished 6 to 324p and **Pearl** 4 to 422p. **Legal and General** softened *3 to 241p awaiting today's* interim results. Composites moved similarly and closed with falls ranging to 7. **Royals** declined that much to 468p, while **Commercial Union** gave up 5 to 175p.

Hire Purchases drifted lower on fading hopes of an early cut *in Minimum Lending Rate.* **Wagon Finance** gave up 3 to 40p as did **Provident Financial**, to 140p, while **Sterling Credit** relinquished 2½ to 11p and **FNFC** dipped 1¼ to 26¾p. *Merchant* banks gave ground in places on profit-taking. **Rea Bros.** receded 6 to 92p and **Brown Shipley** 5 to 410p. The major clearers closed with small losses after a small trade.

Technical influences prompted a particularly good two-way business in **Distillers** which ended 3 down at 224p. Elsewhere in the drinks sector, **Allied** dipped to 83p, before good support at the lower levels left the close only a fraction down on balance at 84p.

Executex stand out

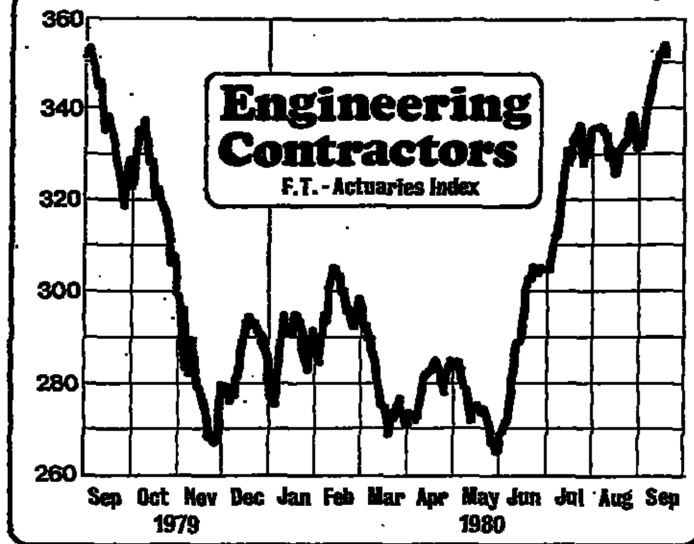
Trading statements helped Buildings in places. The increased interim profits prompted a gain of 10 to 142p in **Watts** *Blake Bearne, while Blockleys* responded to the good half-yearly results with a rise of 6 to a 1980 peak of 90p. **Richards and Wallington**, which on Monday held at 45p following lower mid-term profits and deferment of an interim dividend, firmed 4 to 49p on recovery hopes. Other issues trended lower on scrappy selling and lack of interest, **Redland** losing 5 to 172p and **Ready Mixed Concrete** 4 to 199p, while **Brown and Jackson** closed 6 cheaper at 130p.

After touching 356p in early dealings, **ICI** slipped to 352p before reverting to the overnight level of 354p. Among other Chemicals, small selling clipped 4 from **Brent**, 144p, and **Stewart Plastics**, 92p. **Croda**, half-yearly results tomorrow, shed a penny to 34½p.

Movements of note in Stores were mainly confined to secondary issues. Increased interim profits and dividend from **Executex Clothes** pleased the *market and the close was 6* higher at 32p. Support was also shown for **Bernard Paradise**, a like amount better at 33p, and for **Northern Goldsmiths**, 4 up for a two-day rise of 16 at 86p. **Home Charm** announced near-halved interim earnings but the maintained dividend and cautiously optimistic statement helped the shares gain 3 at 103p. Other D-I-Y issues were mixed. **A. G. Stanley** added 3 to 61p, but **Harris Queensway**, 164p, and *MFI, 62p, eased 4 and 3 respectively.* Increased speculation about a bid from British Land lifted **J. Hepworth** to 96p, but a denial from the former prompted selling and the close was a net penny cheaper at 92p, after 86p; **British Land** shed 2 to 94p.

Leading Electricals regained some composure in places after the previous day's setback which followed adverse comment and a broker's bearish circular. **Thorn EMI**, down 28 over the previous two sessions in reaction also to the forecast of lower first-half profits, retrieved 8 to 352p. **GEC** drifted down to 515p initially but rallied to close 5 up on balance at 525p. **Racal** touched 318p before finishing 4 lower at 326p; while **Plessey** ended only a penny cheaper at 254p, after 252p. Elsewhere, **STC** declined a further 6 to 446p, after 442p, on sporadic offerings ahead of Friday's half-year results, while **Ferranti** lost a similar amount to 464p, after 458p. **Unitech**, 336p, and **United Scientific**, 330p, lost 8 apiece and **Electronic Rentals** shed 4 to 109p. **Bowthorpe** also cheapened 4, to 166p, and **Farnell** 3 to 363p, after 357p. By way of contrast, **Fidelity Radio** jumped 6 to 43p, after 45p, on the announcement *that the group has returned to* full-time working and that it has increased its production workforce by about 10 per cent. **George Scholes** added 8 to 235p in response to increased annual earnings, while **Concord Rotaflex** found support at 22p, up a few pence.

GKN picked up 5 to 223p ahead of Thursday's interim results, while other Engineering leaders drifted lower on small selling and lack of support. *Secondary issues were featured* by a jump of 9 to 22p in **Evered** following reports that a large shareholding had changed hands. **A. Cohen** put on 15 to 250p and **United Engineering** gained 5 to 147p. **Wadkin**, on the other hand, fell 4 to 76p on *news of the reduced interim* dividend and first-half deficit.



Denbyware up again

Inclined easier during the "House" session, leading Foods encountered a further selling in after hours' dealings and closed on a distinctly dull note. **J. Sainsbury** shed 10 to 505p and **Associated Dairies** 4 to 234p, while **Associated British Foods** lost 3 to 122p and **Unigate** a couple of pence to 104p. **Rowntree** *Mackintosh, however,* encountered buying ahead of tomorrow's half-yearly results and closed 4 dearer at 170p, after 172p. Elsewhere, **Chambers and Fargus** jumped 5 to 27p in response to the excellent preliminary results. **Bernard Matthews** touched 280p immediately following the higher interim profits announcement, but closed unchanged at 265p on profit-taking.

Once again it was left to selected secondary issues to provide the excitement in the miscellaneous industrial sector. Renewed speculative buying fuelled by talk of a bid from Crown House left **Denbyware** up 8 more for a two-day jump of 14 at 88p, while **St. Georges Laundry** advanced 12 to 85p on the announcement that Provincial has sold its entire shareholding of 356,253 shares in the company. Revived bid hopes helped **Howard Tenens** put on 4 to 69p, while **First Castle Securities** were prominent with a rise of 8 to 34p. **Sotheby's** gained 10 to 480p on investment demand. **Sobranie** issues did well, the ordinary and non-voting closing 5 higher at 42p and 39p respectively. Reflecting firm Far-Eastern advices, **Jardine Matheson** added 10 to 205p and **Stelux Manufacturing** rose 5 to 70p. **Ofrex**, however, fell 7 to 93p on the disappointing interim results and **Barrow Hepburn** softened 2 to 25p for a similar reason. Still reflecting the poor interim profits and warning about second-half prospects, **Bridon** declined 4 further to 54p. Aggravated by reports of fresh political unrest in Zimbabwe, **Turner and Newall** lost 4 to 106p, after 105p.

Inveresk, as generally expected, announced a first-half loss, but the lack of an interim dividend resulted in a close of 24½p, down 2½. Among Publishers, **Liverpool Daily Post**, 98p, recovered half of the previous *day's fall of 4: the interim* results are expected tomorrow.

Leading Properties drifted back on small selling as hopes of an early cut in Minimum Lending Rate faded, but closing levels were usually above the worst. **Land Securities** finished a couple of pence cheaper at *388p, after 387p,* but **MEPC** closed at the day's lowest level of 248p, down 4. Secondary issues featured **Marler Estates** which put on 8 more to 90p on strong buying. Demand ahead of today's preliminary results left **Westminster and Country** 3 dearer at 56p. **C. H. Beazer** *continued firmly,* up 3 at a 1980 peak of 86p.

KCA International firm

A few pence easier at one stage on lack of interest rather than selling pressure, leading Oils picked up in the late trading and closed virtually unchanged. Demand ahead of today's half-yearly results left **Tricentrol** 4 dearer at 358p, while buying in a market none-too-well supplied with stock lifted **KCA International** 8 for a two-day gain of 16 to 116p. Elsewhere, **Santos**, at 670p, relinquished 15 of the previous day's rise of 45 that stemmed from the Cooper Basin oil find in South Australia.

Concern over the deteriorating political situation in Zimbabwe brought out sellers in **Lonrho**, which lost the previous day's Press-inspired gain of 6 to close at 103p. Elsewhere in Overseas Traders, the prospect of further abattoir closures and poor *annual profits, expected in* December, left **Thomas Borthwick** 2 down for a two-day fall of 5 at 30p.

Among Financial Trusts, **London Merchant Securities** rose a couple of pence to 133p, with the Deferred 4 to the good at 103p following the higher full-*year profits and dividend and* one-for-three scrip issue. Substantially higher annual earnings and capital proposals lifted **Elder Smith Goldsborough Mort** 10 to 173p.

In contrast to the recent glut of depressing company trading statements in Textiles, **Sirdar** announced increased annual earnings and dividend and rose 8 to 100p. News that Ray Trading has increased its holding in the company lifted **William Pickles** 2½ to 10p, with the A closing 1½ firmer at 6p. Recently firm **Stroud Riley Drummond** encountered profit-taking and fell 5 to 41p.

Golds drift

South African Gold shares lost *ground in quiet trading reflecting* the lack of fresh progress by the bullion price. The latter closed unchanged at $669.50 an ounce.

Little selling pressure was reported in the share market which tended to drift throughout the day before staging a minor rally in the *after-hours'* trade. The Gold Mines index closed 5.5 down at 464.7.

London-based Financials were active ahead of the results from Gold Fields and **RTZ**. The latter came under persistent pressure and dropped 14 to 468p amid rumours that a £150m rights *issue may accompany the results,* while **Gold Fields** fell to 587p before closing 7 cheaper on balance at 590p. **Tanks** eased 3 to 344p.

Profit-taking prompted by the decline in overnight Sydney and Melbourne markets caused widespread, but generally small, losses in Australians. **Gold Mines of Kalgoorlie** ended 15 off at 485p, **North Kalgurli** 6 down at 99p and **Poseidon** 5 lower at 305p.

The more speculative gold issues were featured by **Otter Exploration** which dropped 16 more to 64p reflecting Seltrust's *withdrawal from* the Griffins Find gold prospect. On the other hand, the assays from the Bamboo Creek gold prospect prompted renewed buying of **Kitchener Mining**, which advanced 10 more to 320p.

Carr Boyd Minerals added a penny to 39p following the proposed rights issue, while **Bond Corporation** were prominent and moved up 16 to 138p reflecting the substantial holding in Santos; the latter recently announced an oil flow at the Dullingari No. 8 well in South Australia's Cooper Basin.

FINANCIAL TIMES STOCK INDICES

	Sept. 16	Sept. 15	Sept. 12	Sept. 11	Sept. 10	Sept. 9	A year ago
Government Secs.	70.47	70.76	70.84	70.78	71.09	71.04	72.16
Fixed Interest	71.71	71.75	71.89	71.86	71.98	70.83	72.71
Industrial Ord.	498.3	500.7	508.9	503.0	501.8	503.9	468.7
Gold Mines	464.7	470.2	468.4	446.8	451.9	454.8	318.8
Ord. Div. Yield	7.37	7.35	7.22	7.30	7.30	7.28	6.96
Earnings, Yld. % (full)	17.35	17.33	17.00	17.23	17.26	17.18	18.88
P/E Ratio (net) (*)	7.02	7.03	7.17	7.07	7.05	7.08	6.79
Total Bargains	21,197	22,304	23,896	22,478	23,742	21,781	16,532
Equity turnover £m.	—	129.56	167.76	128.79	150.89	129.25	66.97
Equity bargains total	—	17,907	19,957	17,347	21,878	16,784	11,761

10 am 498.0. 11 am 498.0. Noon 497.7. 1 pm 496.8. 2 pm 495.8. 3 pm 495.8.
Latest Index 01-246 8026.
*Nil=6.55.

Basis 100. Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7)	63.85 (7/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/8)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	508.9 (12/9)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	470.2 (15/9)	265.5 (16/5)	470.2 (15/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 16	Sept. 15
—Daily		
Gilt Edged	107.9	133.5
Industrials	128.6	134.2
Speculative	80.6	97.8
Totals	87.9	99.0
5-day Avrge.		
Gilt Edged	112.8	112.1
Industrials	129.3	128.1
Speculative	82.6	88.5
Totals	90.1	89.0

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (102)

AMERICANS (3)
CANADIANS (1)
BANKS (2)
BUILDINGS (5)
CHEMICALS (1)
DRAPERY & STORES (3)
ELECTRICALS (1)
ENGINEERING (4)
FOODS (2)
INDUSTRIALS (15)
INSURANCE (1)
LEISURE (2)
NEWSPAPERS (1)
PAPER (2)
PROPERTY (2)
TEXTILES (2)
TRUSTS (38)
OIL & GAS (1)
OVERSEAS TRADERS (4)
MINES (11)

NEW LOWS (29)

BUILDINGS (2)
Hewden-Stuart — Heywood Williams
CHEMICALS (2)
Cory (Horace) — Croda International
STORES (1)
Kunick
ENGINEERING (4)
Amalg'd Power — Butterfield Harvey
Brown & Tawse — Duport
FOODS (3)
Barker & Dobson — Unigate
Robertson Foods
INDUSTRIALS (9)
Berisfords — Peerless
Bifurcated Eng'g — Rank Organisation
Centreway — Rock Darlaston
M.Y. Dart — UKO International
New Equipment
NEWSPAPERS (1)
Benn Brothers
PAPERS (1)
Inveresk
SHIPPING (1)
Mersey Dock Units
SHOES (2)
Headlam Sims — Pittard
TEXTILES (2)
Leeds Dyers — Radley Fashion
TEAS (1)
Lawrie Plants

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	84	9
Corpns. Dom and Foreign Bonds	10	4	51
Industrials	183	368	872
Financial and Prop.	72	134	291
Oils	9	23	24
Plantations	3	8	13
Mines	20	66	71
Others	40	45	75
Totals	320	722	1,406

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Tues., Sept. 16, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Sept. 15 Index No.	Fri., Sept. 12 Index No.	Thurs., Sept. 11 Index No.	Wed., Sept. 10 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	292.63	−0.3	15.34	5.65	7.87	293.41	296.77	292.39	292.94	243.04
2	Building Materials (28)	259.79	−0.8	17.80	6.57	6.66	261.93	261.27	257.54	258.98	234.03
3	Contracting, Construction (27)	432.46	−0.1	21.50	5.64	5.52	432.97	430.48	428.90	429.75	386.44
4	Electricals (17)	889.42	+0.1	10.87	2.99	11.26	888.21	915.94	891.90	892.06	622.70
5	Engineering Contractors (11)	350.83	−0.9	17.73	7.41	7.12	353.92	350.37	349.33	348.62	334.34
6	Mechanical Engineering (72)	184.55	−0.9	15.72	7.20	7.77	186.30	187.26	186.38	186.65	166.32
8	Metals and Metal Forming (16)	170.48	+0.9	20.66	9.85	5.78	168.97	168.91	167.73	168.31	159.74
11	CONSUMER GOODS (DURABLE) (49)	247.13	−0.6	15.16	5.10	9.07	248.71	253.81	252.74	253.25	235.98
12	Lt. Electronics, Radio, TV (14)	379.93	−0.6	12.73	3.64	12.02	382.27	392.15	390.70	392.58	337.88
13	Household Goods (14)	89.54	+0.1	26.87	10.99	4.69	89.44	89.11	88.91	89.00	144.06
14	Motors and Distributors (21)	102.38	−0.9	21.60	9.18	5.33	103.27	103.91	103.23	102.41	110.53
21	CONSUMER GOODS (NON DURABLES) (172)	245.30	−0.6	16.86	6.60	7.17	246.86	248.78	246.81	247.79	238.32
22	Breweries (14)	296.55	−0.5	15.33	6.21	7.61	298.11	298.59	295.82	296.63	289.44
23	Wines and Spirits (5)	325.97	−1.1	18.76	6.25	6.30	329.52	333.12	335.21	335.99	332.21
24	Entertainment, Catering (17)	348.38	−0.5	16.63	6.42	7.40	350.29	350.03	345.77	347.75	314.61
25	Food Manufacturers (22)	222.83	−0.9	18.16	6.81	6.48	224.93	225.09	222.97	225.05	210.17
26	Food Retailing (13)	395.54	−1.6	11.85	3.93	10.01	401.95	401.33	395.88	396.41	305.82
32	Newspapers, Publishing (12)	438.41	−0.7	21.84	7.29	6.12	441.63	437.40	435.69	434.81	428.96
33	Packaging and Paper (15)	128.78	−0.4	27.44	10.17	4.24	129.26	130.73	129.99	130.50	133.63
34	Stores (45)	242.01	−0.2	12.85	5.19	10.14	242.52	246.85	244.99	245.47	237.27
35	Textiles (21)	120.47	−0.4	26.01	12.78	4.69	120.98	120.39	119.50	120.29	153.92
36	Tobaccos (3)	234.90	−0.8	24.43	9.91	4.66	236.87	240.29	238.81	239.69	246.82
37	Toys and Games (5)	25.04	−1.6	8.98	15.22	25.75	25.46	25.46	25.58	25.58	71.43
41	OTHER GROUPS (99)	226.08	−0.7	15.66	6.90	7.65	227.62	229.91	227.71	228.41	206.92
42	Chemicals (16)	312.18	−0.2	17.59	7.79	6.67	312.80	323.49	320.23	322.04	287.53
43	Pharmaceutical Products (7)	228.40	−1.3	12.45	5.65	10.30	231.37	232.66	232.04	235.19	230.66
44	Office Equipment (6)	103.57	−1.7	19.84	8.01	5.89	105.32	105.51	105.16	105.93	120.30
45	Shipping (10)	588.81	−1.2	12.95	6.05	9.43	595.86	604.46	599.37	596.85	460.57
46	Miscellaneous (60)	283.94	−0.7	16.59	6.61	7.43	285.97	292.45	292.34	291.36	240.64
49	INDUSTRIAL GROUP (491)	260.46	−0.5	15.85	6.29	7.77	261.80	264.55	261.93	262.75	238.85
51	Oils (9)	805.24	−0.5	10.00	6.57	3.71	809.23	816.61	806.26	805.07	642.07
59	500 SHARE INDEX	303.69	−0.5	13.92	6.35	6.24	305.30	309.55	305.12	305.88	271.52
61	FINANCIAL GROUP (118)	251.83	−0.7	—	5.17	—	253.57	254.37	249.04	249.95	195.95
62	Banks (6)	253.35	−0.6	40.66	6.69	2.94	255.01	258.69	253.78	255.24	203.59
63	Discount Houses (10)	296.89	—	—	5.56	—	296.89	295.56	293.62	297.80	257.98
64	Hire Purchase (5)	230.36	−1.7	10.77	4.38	12.53	234.24	236.56	230.71	233.14	171.69
65	Insurance (Life) (10)	256.25	−1.3	—	5.99	—	259.72	256.50	248.51	251.41	163.96
66	Insurance (Composite) (9)	178.69	−1.3	—	6.31	—	181.13	180.49	176.69	178.50	128.31
67	Insurance Brokers (9)	342.86	+4.4	13.51	6.73	10.14	328.55	322.54	321.39	325.80	285.82
68	Merchant Banks (12)	146.72	−0.3	—	4.88	—	147.15	146.62	147.19	146.45	101.23
69	Property (45)	469.73	−0.6	3.02	2.54	46.16	472.53	474.39	467.80	469.71	365.14
70	Miscellaneous (12)	153.91	−0.5	15.35	6.02	8.26	154.72	157.98	155.31	155.45	124.86
71	Investment Trusts (109)	277.43	−0.3	—	5.24	—	277.47	275.40	273.50	275.76	216.96
81	Mining Finance (5)	257.02	−2.0	11.69	4.08	10.30	262.28	263.32	257.26	255.24	[illegible]
91	Overseas Traders (20)	446.95	−0.7	11.25	6.61	10.71	450.85	446.84	441.34	441.29	344.03
99	ALL-SHARE INDEX (750)	294.65	−0.6	—	6.00	—	296.39	298.49	294.71	295.48	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Tues., Sept. 16	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.57	−0.29	—	7.62
2	5-15 years	112.70	−0.57	—	8.81
3	Over 15 years	118.99	−0.63	—	9.56
4	Irredeemables	132.85	−0.26	—	9.82
5	All stocks	112.57	−0.50	—	8.53

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Tues., Sept. 16	Mon., Sept. 15	Year ago (approx.)
1	Low	5 years	11.67	11.58	10.23
2	Coupons	15 years	11.67	11.58	10.75
3		25 years	11.67	11.58	11.28
4	Medium	5 years	13.05	12.98	12.32
5	Coupons	15 years	13.24	13.13	12.38
6		25 years	13.00	12.91	12.44
7	High	5 years	13.19	13.05	12.69
8	Coupons	15 years	13.52	13.41	12.84
9		25 years	13.16	13.07	12.72
10	Irredeemables		11.19	11.16	11.07

		Tues., Sept. 16 Index No.	Yield %	Mon. Sept. 15	Friday Sept. 12	Thurs. Sept. 11	Wed. Sept. 10	Tues. Sept. 9	Mon. Sept. 8	Friday Sept. 5	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	53.44	†13.87	53.47	53.32	53.26	53.28	52.96	52.91	52.71	56.14
16	Investment Trust Prefs. (15)	51.66	13.07	51.66	[illegible]	51.53	51.38	51.38	51.37	50.54	51.23
17	Coml. and Indl. Prefs. (20)	67.82	13.23	67.82	68.07	68.12	67.91	67.75	67.88	67.50	70.53

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Racal Electronics	25p	11	326	− 4	341	175
GEC	25p	8	525	+ 5	537	326
Cons. Gold Fields	25p	7	590	− 7	600	385
Hepworth (J.)	10p	7	92	− 1	96	57
ICI	£1	7	354	—	402	348
Dunlop Hldgs.	50p	6	82	—	85	51
KCA Internat'l	25p	6	116	+ 8	116	41
Plessey	50p	6	254	− 1	265	108
Shell Transport	*25p*	*6*	*412*	*− 2*	*432*	*314*
BAT Inds.	25p	5	293	− 2	295	223
Distillers	50p	5	224	− 3	235	184
Marks & Spencer	25p	5	107	—	111	77
NatWest Bank	£1	5	395	− 3	408	305
RTZ	25p	5	468	−14	487	327
Tilling (T.)	20p	5	158	− 1	180	102

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept. 8	Sept. 19	Dec. 4	Dec. 15
Sept. 22	Oct. 3	Dec. 18	Dec. 29
Oct. 6	Oct. 17	Jan. 8	Jan. 19

For rate indications see end of Share Information Service

Money was given for the call in Poseidon, Rustenburg Platinum, Burmah Oil, Target Petroleum, CRA, Venterspost, FNFC, Otter Exploration, Chloride, Armitage Shanks, Airfix, Dunlop, Minster Assets, Premier Oil, Boustead, Reo Stakis, British Land and Carless Capel. Puts were dealt in Barratt Developments and Dunlop, while doubles were completed in Cons. Gold Fields and Aran Energy.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531
Gartmore Fund Managers (C.I.) Ltd. (a)(b)
41, Broad St., St. Helier, Jersey. 0534-73741

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

M & G Group
Three Quays, Tower Hill EC3R 6BQ.

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	68.9	72.5	+1.1	4.12

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	37.1	40.5	+0.1	11.16
North American	55.0	59.3	+0.7	2.89
Canadian Exempt*	62.3	65.8	+1.5	3.59
Canadian Trust	62.2	67.2	-0.2	2.66
Mid Mount High Inc.*	48.4	51.2	.....	9.43
Recovery	58.1	63.2	+1.5	6.84
Gilt Trust	44.4	46.4	-0.5	12.48

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	34.6	37.3	+0.4	1.01
Cres. Internat'l.	68.7	74.1	+0.4	2.36
Cres. High. Dist.	42.5	45.9	.....	10.42
Cres. Reserves	50.9	55.0	-0.4	5.45
Cres. Tokyo	23.1	24.9	+0.5	1.00

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.1	25.5	.....	12.10

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Sept. 12	225.5	240.5	.....	5.48

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.3	19.1	.....	7.60
Gt. Winchester O'seas	23.8	26.4	.....	4.22

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	82.1	88.3	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	88.1	92.7	-1.1	4.72

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings

American	56.4	59.8	+0.5	2.18
(Accum. Units)	59.9	63.5	+0.6	2.18
American Recovery	59.9	63.5	+0.5	1.98
(Accum. Units)	61.0	64.7	+0.6	1.98
Australasian	115.6	125.4	+0.2	0.78
(Accum. Units)	120.6	130.9	+0.2	0.78
Commodity	128.7	137.1	+1.2	3.10
(Accum. Units)	149.6	159.3	+1.4	3.10
Compound Growth	162.8	176.6	+2.6	3.67
Conversion Growth	110.1	117.3	+1.7	2.61
Conversion Inc.	75.5	80.4	+0.5	9.45
Dividend	137.1	147.4	+0.3	8.88
(Accum. Units)	294.0	316.0	+0.6	8.88
European	65.3	69.5	+0.4	3.43
(Accum. Units)	70.6	75.2	+0.4	3.43
Extra Yield	84.1	91.2	+0.1	10.18
(Accum. Units)	131.8	143.0	+0.5	10.18
Far Eastern	88.5	94.2	+1.1	1.60
(Accum. Units)	100.8	107.4	+1.2	1.60
Fund of Inv. Tsts.	87.5	93.2	+0.4	4.49
(Accum. Units)	115.6	123.1	+0.6	4.49
General	225.4	242.3	+1.1	5.72
(Accum. Units)	381.6	410.2	+1.7	5.72
High Income	112.7	120.0	+0.4	9.65
(Accum. Units)	216.6	230.7	+0.7	9.65
Japan	139.8	148.9	+1.4	1.50
(Accum. Units)	146.1	155.6	+1.5	1.50
Magnum	351.9	374.8	+3.8	4.25
(Accum. Units)	477.5	508.5	+5.1	4.25
Midland	169.8	180.8	+1.5	9.67
(Accum. Units)	312.9	333.2	+2.8	9.67
Recovery	121.1	129.0	+0.2	6.32
(Accum. Units)	133.3	142.0	+0.2	6.32
Second Gen.	238.7	254.0	+1.8	4.86
(Accum. Units)	390.7	423.9	+2.9	4.86
Smaller Companies	249.9	256.1	+2.5	4.51
(Accum. Units)	336.8	358.7	+3.4	4.51
Specialised Funds				
Trustee	170.4	183.2	+0.1	6.69
(Accum. Units)	372.6	400.5	.....	6.69
Charibond Sept. 9		104.0	.....	12.27
Charifund Sept. 16	171.9	174.5	+1.4	8.42
Pension Ex. Sept. 15	176.5	186.2	.....	6.28

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Growth Units	76.7	80.7	.....	5.21

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100¼	99¾	Exchequer 13pc 1980‡‡	99½	......	13.06	14.78
99¾	96¾	Treasury 11½pc 1981‡‡	99⅛	......	11.60	13.86
96¼	90¼	Treasury 3½pc 1979-81	96⅛	–⅛	3.64	13.31
98⅛	93⅞	Treasury 9¾pc 1981‡‡	98xd	–⅛	9.94	13.83
96⅞	91¼	Exch. 8¼pc 1981	96¼	–⅛	8.57	13.66
96⅞	92¼	Exch. 9½pc 1981	96¾	–⅛	9.81	13.45
94	85½	Exch. 3pc 1981	93⅜	–⅛	3.22	10.40
99⅜	96½	Treas. Variable '81§§	98½	......	15.08	15.67
99⅞	95¾	Exch. 12¾pc 1981‡‡	99⅝	–⅛	12.79	12.97
95⅝	88½	Treas. 8½pc '80-82‡‡	95⅜	–¼	8.91	12.29
91⅝	82½	Treasury 3pc '82‡‡	91⅝	......	3.27	9.44
102⅞	96⅝	Treasury 14pc '82‡‡	102xd	–¼	13.72	12.53
98¾	94¼	Treas. Variable '82§§	97⅝	......	15.27	16.41
93¼	86⅓	Treasury 8¼pc '82	93	–¼	8.87	12.68
93⅞	86⅝	Exch. 9¼pc 1982	93⅝xd	–¼	9.87	12.95
93	85	Exch. 8¾pc 1983	92¾	–¼	9.43	12.52
83⅞	76½	Exch. 3pc 1983	83⅝	–¼	3.58	10.32
83¾	82	Exch. 3pc 1983 A●	83¼	......	3.60	11.03
98½	90⅞	Treasury 12pc 1983‡‡	97⅞xd	–⅜	12.26	13.04
96½	90⅝	Treas. Variable '83§§	95½	......	15.53	16.83
93⅛	84½	Treasury 9½pc '83	92½	–½	10.50	12.44
102⅛	94¼	Exch. 13½pc '83	100⅝	–½	13.41	13.20
93¾	84½	Exch. 10pc 1983	92½	–½	10.81	12.88
84¼	76½	Funding 5½pc '82-84‡‡	84	–½	6.54	11.39
97¾	87¼	Exch. 11¼pc 1984	95⅝	–½	11.76	12.94
104¾	94½	Exchequer 14pc 1984	102⅝	–½	13.64	13.85
76¼	68¼	Exch. 3pc 1984	76⅜	–⅜	3.92	10.81
99¾	88⅜	Treasury 12pc 1984	97¾xd	–½	12.27	12.73
109¾	98	Treasury 15pc 1985	107⅜	–½	13.96	12.74
71¾	69	Treasury 3pc 1985	71¼	–⅜	4.21	11.04

Five to Fifteen Years

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102⅜	90⅛	Exch. 12¼pc 1985	101⅝	–¼	12.54	12.84
100⅜	95⅝	Exch. 12¼pc 1985 'A'	99¾	–⅝	12.54	12.87
88½	79¼	Treasury 8½pc '84-86‡‡	87⅛	–⅝	9.94	12.82
103⅝	91	Exch. 13¼pc 1987	102¾	–½	13.16	13.05
81½	70¾	Funding 6½pc '85-87‡‡	80¾	–½	8.36	11.36
97	91½	Treas. 12pc '87 (£50pd)	95¼	–½	12.72	13.24
82½	72¼	Treasury 7¾pc '85-88‡‡	79¼	–¼	9.92	12.34
64	54⅞	Transport 3pc '78-88	62¾	–⅜	4.83	10.15
98	83	Treasury 11½pc 1989	92⅝	–⅝	12.53	13.12
68	58¾	Treasury 5pc '86-89	64⅝xd	–⅜	7.69	11.26
103½	89¾	Treasury 13pc 1990‡‡	101	–½	13.17	13.22
80⅝	69⅞	Treasury 8¼pc '87-90‡‡	79½	–⅜	10.66	12.28
95½	82½	Treasury 11¾pc 1991	92⅝	–⅝	13.00	13.47

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	88¾xd	+¼	6.21	14.89
85¼	72½	Do. 6pc 1981-83	84¼	+¼	7.27	12.81
67	58	N.Z. 7½pc 1988-92	65¼	–¼	11.38	13.46
81½	72	Do. 7½pc '83-86	80¾	......	9.62	12.74
96¾	88	Sth. Africa 9½pc '79-81	96¼	......	10.23	16.49
160	95	S. Rhod. 2½pc Non-Ass.	99	–1	—	29.38
169	133	Do. 6pc '78-81 N.-As.	143	–2	—	29.21

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	62¾	......	8.04	12.18
83½	73½	Alcan 10½pc '89-94	83	......	14.48	15.40
29¾	25	Met. Wtr. 3pc 'B'	29	......	10.36	12.39
104	89	U.S.M.C. 9pc 1982	104	......	8.87	—
92	85½	Do. without Warnts.	91	......	10.21	14.00

Financial

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅛	96½	FFI 13pc 1981	98⅝	......	13.18	16.36
101½	93½	Do. 14pc '83	100¾	+½	13.90	13.67
88	79½	FFI(UK Fa)5½pcDb. '80-2	87xd	......	6.31	12.95
82½	71½	Do. 6¼pcDb. '81-84	80½	......	7.99	13.20
92	80½	Do. 10½pc Uns.Ln. '86	91½	......	11.74	13.40
91½	77	Do. 11pc Uns.Ln. '88	91½	......	12.32	13.00
93½	82	Do. 11¾pc Uns.Ln. '90	92½	......	13.02	13.60
101	84½	Do. 12½pc Un. Ln. 1992	92½xd	......	13.59	13.90
66½	56	Do. 7¾pcADeb. '89-92	64½	......	11.67	13.70
66½	51½	Do. 7¾pcADeb. '91-94	60½xd	......	11.98	13.60
76½	64½	Do. 9pc 'A' '91-94	71½xd	......	12.58	13.60
71½	61	Do. 6⅞pcLn. '92-97	64½	......	12.95	13.60

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	65	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	f3.18
58	19	Chinese 4½pc 1898	19	......	—	—
45	18	Do. 5pc 1912	18	......	—	—
24	11½	Do. 5pc 1913	13	......	—	—
24	14½	Do. 5pc '25 Boxer	15	......	—	—
18¾	14½	Denmark 13pc 2005	16½	–½	13	13.76

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or –	Div. Gross	Cvr	Gr's
22⅞	12¾	Hollinger $5	20⅝	–½	s$2.20	—	4.0
11⅛	850p	Hudson's Bay ǁ	930pxd	......	♦$1.20	—	4.9
14¼	925p	Hud.B.Oil G. $2½	11¼	–¾	⊦57½	—	1.9
21⅞	13¾	Imperial Oilǁ	14¾	–⅛	$1.40	—	3.6
14	855p	Incoǁ	11	......	72c	—	2.5
565p	425p	Int. Nat. Gas $1	545p	......	$1.00	—	6.9
495p	250p	Massey Ferg.ǁ	290p	+5	—	—	—
200p	100p	Place Gas $1	105p	–2	—	—	—
14¾	10½	Rio Algom	12¾	–⅞	$1.50	—	4.5
20	14½	Royal Bk.Can. $2	19⅜	......	$2.56	—	5.0
25¾	15⅞	Seagram Co. C$1	25⅞	......	$US1.10	—	1.9
12	890p	Tor. Dom. Bk. $1	10⅛	–⅛	$2.44	—	5.4
10½	815p	Trans Can. Pipe	825p	–5	$1.16	—	5.3

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

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1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
400	305	Lunuva £1	355	......	17.0	1.0	6.8

Africa

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	Blantyre	82	......	6.0	2.1	10.5
[illegible]	[illegible]	Ruo Estates	72	......	4.5	2.0	8.9

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	18	......	—	—	—
138	52½	Bond Corp.	138	+16	hQ2.8c	2.2	1.0
156	88	Bougainville I Kina	122	−2	[illegible]	1.0	10.9
356	230	CRA 50c	314	......	¶Q15c	2.1	8.4
25	11½	Canada Northwest	18	−½	—	—	—
42	8	Carr Boyd 20c	39	+1	—	—	—
£38	£15¼	Central Pacific	£37	−1	—	—	—
41	17	Coltus Pacific N.L.	30	−1	—	—	—
52	20	Eagle Corp. 10c	42	+2	—	—	—
28	15¼	Endeavour 20c	26½	......	—	—	—
500	175	G. M. Kalgoorlie 25c	485	−15	Q13c	φ	1.4
46	15	Great Eastern	23½	−1	—	—	—
245	130	Hampton Areas 10p	245xc	......	h2.25	2.4	1.3
204	30	Haoma Gold N.L.	164	−2	—	—	—
62	15	Intl. Mining	58	−2	—	—	—
720	80	Leichardt Expln.	160	......	—	—	—
30	7	Metals Energy	18	......	—	—	—
87	41	Metals Ex. 50c	87	+3	Q3c	φ	1.8
312	187	M.I.M. Hldgs. 50c	282	−7	Q30c	φ	5.6
21	7	Minefields Expl. 25c	18	+1	—	—	—
155	60	Mount Lyell 25c	102	+2	Q15c	φ	8.0
28	15	Newmetal 20c	20	......	—	—	—
55	13	Nickelore N.L.	39	......	—	—	—
207	137	North B. Hill 50c	197	+1	Q18c	φ	4.8
107	44½	Nth. Kalgurli	99	−6	—	—	—
165	90	Nth. Mining Corp.	130	......	—	—	—
184	24	N. West Mining N.L.	146	+2	—	—	—
235	144	Oakbridge $A1	190	......	Q12c	4.7	3.3
153	70	Oilmin N. L.	125	−5	—	—	—
240	128	Pacific Copper	202	−6	—	—	—
465	255	Pancont'l 25c	355	......	—	—	—
78	42	Paringa M&Ex. 5p	61	−2	—	—	—
530	335	Peko-Wallsend 50c	530	+5	tQ17.5c	φ	1.7
230	140	Seltrust A	158	......	—	—	—
£14¼	575	Southern Pacific	£13¾	−⅜	—	—	—
100	31	Swan Resources 20c	100	......	—	—	—
34	8	West Coast 25c	24	+4	—	—	—
313	177	Westn. Mining 50c	298	......	Q14c	φ	2.4
30	10	Westmex	17	......	—	—	—
108	56	Whim Creek 20c	95	......	—	—	—
34	10½	York Resources	26	−1	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	14	Amal Nigeria 1p	17	......	‡6.0	—	—
370	255	Ayer Hitam $M1	340	......	‡Q290c	0.9	‡
67	42	Berait Tin	67	......	4.5	3.2	9.6
300	149½	Berjuntai $M1	265	−5	Q85c	φ	6.8
230	150	Geevor	155	......	8.4	1.9	7.7
12½	10	Gold & Base 12½p	12½	......	—	—	—
650	310	Gopeng Cons.	620	......	†25.0	1.8	5.8
435	280	Hongkong	430	......	‡35.87	φ	‡
132	90	Idris 10p	132	......	14.0	1.2	15.2
15	12½	Jantar 12½p	14	......	1.5	φ	15.3
115	64	Kamunting $M0.50	103xd	−2	Q80c	1.0	0.0
375	150	Killinghall $M1	375	+25	††Q50c	φ	2.7
125	48½	Malay Dredging 10c	112	−6	mQ10½c	2.6	1.9
42	26	Pahang	39	......	0.44	8.3	1.6
112	83	Pengkalen 10p	112	......	6.0	1.3	7.7
335	230	Petaling $M1	330	......	†Q150c	1.4	9.5
44	22	South Crofty 10p	25	......	1.0	φ	5.7
305	215	Sungei Besi $M1	255	......	Q480c	1.1	38.3
55	22½	Supreme Corp. $M1	55	......	hQ8c	—	3.0
125	90	Tanjong 15p	120	......	φ5.75	6.0	6.8
115	78	Tongkah H. Tin	105	......	Q45c	1.3	9.6
355	220	Tronoh $M1	323xd	−2	‡Q250c	0.7	‡

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
242	130	Messina R0.50	242	......	mQ10c	φ	2.4

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	160	......	—	—	—
97	52	Barymin	60	−3	—	—	—
17	12	Burma Mines 10p	13	......	0.62	1.1	6.9
262	53	Colby Res. Corp.	262	......	—	—	—
502	285	Cons. Murch. 10c	350	......	MQ100c	1.8	16.4
180	80	††Hemerdon 10c	85	......	—	—	—
585	325	Northgate C$1	495	+5	—	—	—
487	327	R.T.Z.	468	−14	15.0	3.2	4.6
46	16	Robert Mines	46	+6	—	—	—
112	91	††SPO Minerals 10p	94	......	—	—	—
58	26	Sabina Inds. C$1	45	......	—	—	—
51	31	††SWCM 10p	40	......	—	—	—
650	411	Tara Exptn. $1	545	−40	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✠ Regional price.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	35	......	Conv. 9% '80/82	£93⅞	......
Bertam	15	......	Nat. 9¾% 84/89	£82⅝	−½
Bdg'wtr. Est. 50p	450	......	Fin. 13% 97/02	£91½	−⅝
Craig & Rose £1	£11	......	Alliance Gas	51	......
Fife Forge	35	......	Arnott	200	......
Finlay Pkg. 5p	26	−2	Carroll (P.J.)	71	+1
Graig Ship. £1	£13	......	Clondalkin	118	−2
Higsons Brew.	77	......	Concrete Prods.	80	......
Holt (Jos) 25p	260	......	Helton (Hldgs.)	29	......
I.O.M. Stm. £1	152	......	Ins. Corp.	275	......
Pearce (C. H.)	465	......	Irish Ropes	42	+2
Peel Mills	45	......	Jacob	31	......
Sheff. Refrshmt	103	+1	T.M.G.	75	......
Sindall (Wm.)	140	......	Unidare	77	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	10	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lofs"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	8	Brit. Petroleum	32
Courtaulds	8	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	10
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7½	P & O Dfd.	18	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	4½	Ultramar	35
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	18	Reed Intnl.	16	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	23	Thorn	23	Rio T. Zinc	35
G.K.N.	20	Trust Houses	12		
Hawker Sidd	15	Tube Invest.	23		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

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FINANCIAL TIMES
Wednesday September 17 1980

Minister for high technology suggested

By John Elliott, Industrial Editor

A MAJOR reorganisation of Ministerial responsibilities for telecommunications and other associated forms of high technology is to be recommended in a Cabinet Office report to be published later this month.

The report will suggest that the Government's various interests in all forms of advanced communications, including satellites, should be grouped together under one Minister instead of being spread around about six Departments.

This could include restructuring the responsibilities for broadcasting exercised by the Home Office which might lose its control of airwave frequency allocations, including citizens band radio and car telephone systems.

Also involved would be responsibilities of the Departments of Industry, Defence, Education and Science, and Transport in the area of what is known as "information technology."

The report has been written by the Cabinet Office's Advisory Council for Applied Research and Development at a time when the Government is about to prepare a co-ordinated approach to its various information technology activities, ranging from the Post Office to space satellites.

The report draws an experience of a co-ordinated policy operated in France and has been sent to the Prime Minister, who is thought to favour the reorganisation it proposes. But it is not clear whether this would involve grouping all the activities in one Government Department or appointing a Minister to co-ordinate the work.

The Department of Industry has already started reorganising its own activities and would consider itself to be a logical centre for any Government initiative.

It is changing its top civil servants' responsibilities so that its own information technology operations, including British Telecom and sponsorship of the electronics and telecommunications industries, are brought together in one division.

At a time when Sir Keith Joseph, Industry Secretary, is known to be keen to reduce the scope and influence of his Department so that it can eventually be merged with the Department of Trade, this is the only section facing the prospect of expansion.

An alternative suggestion being canvassed within the Labour Party is for a separate Ministry of Communications to be set up. This might also become responsible for the British Broadcasting Corporation and the Independent Broadcasting Authority.

Thatcher demands tough line on excess spending

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

WHITEHALL Ministries, local authorities and nationalised industries have come under growing pressure in the past fortnight from the Prime Minister and the Treasury to eliminate excess spending and borrowing in the current financial year

There have been a number of reports from within Whitehall that the Prime Minister has personally intervened to insist on a strong line following recent figures showing that monetary growth, public spending and borrowing have all been well above planned levels so far in this financial year.

Mrs. Thatcher and her senior economic Ministers apparently feel that all these items need to be brought back on track if the credibility of the medium-term financial strategy is to be restored.

There have, however, been no emergency meetings, merely the usual end of holidays Cabinet committees.

Spending ministers have nonetheless been left in no doubt that action will be taken if a significant overshoot on borrowing is indicated by the revised Treasury forecasts towards the end of next month. Economic Ministers still hope that any overshoot in borrowing will be small and that further action will not be necessary.

This confidence was reflected in last week's Treasury moves to reassure the City about the monetary outlook for the rest of 1980-81.

The tough line is being reflected in current negotiations with local authorities, about which Whitehall officials are increasingly hopeful. Nationalised industries are also being told informally that cash limits will not be relaxed despite the financial pressures caused by falling demand and the recession.

In Whitehall, Ministry of Defence officials are considering whether further action may be necessary, including an extension of the current moratorium on new contracts, to keep the department's spending within the revised cash limits for 1980-81.

The discussions have dovetailed with the usual early autumn review of the public spending plans for 1981-82 and later years. There is broad agreement on a cut of just over 1 per cent in the volume of spending next year as proposed last March, though the details have yet to be settled.

More attention is being paid to ensuring that public sector costs, which have risen sharply in the last two years, are contained. This is being reflected in Treasury proposals for low public sector pay rises in 1980-81.

The Prime Minister's active intervention largely reflects her annoyance about the monetary and borrowing figures announced in the last month. After returning from her holiday in Switzerland, where she met Swiss bankers and economists, Mrs. Thatcher is believed to have closely questioned her economic advisers and is known personally to have expressed her irritation to at least one clearing bank chairman.

The main result has been a determination not only to stick to present monetary policies but also a degree of caution in face of calls from industry for early large cuts in Minimum Lending Rate. The official preference is still to wait at least until the September monetary figures are available early next month.

The other outcome has been a renewed Ministerial interest in the debate about short-term moneary control on which a decision is likely to be taken in the second half of October.

East-West arms talks planned

BY GILES MERRITT IN BRUSSELS

A NEW round of East-West arms limitation talks could begin next month. This would end the freeze on all arms control negotiations between Washington and Moscow since the invasion of Afghanistan.

At the end of two days of NATO talks in Brussels, October 15 last night emerged as the date proposed for new talks.

Mr. Edmund Muskie, the U.S. Secretary of State, is expected to put forward this date for the start of talks on Theatre Nuclear Forces (TNF) when he meets Mr. Andrei Gromyko, the Soviet Foreign Minister, at the United Nations in New York on September 25.

According to diplomats in Brussels, the Soviet Union has tentatively confirmed that October 15 should be suitable.

The U.S. has discussed the date with high-level officials of other NATO countries at this week's meeting of the alliance's Special Consultative Group (SCG), which was set up last December for consultation within NATO on arms control issues.

This is specifically concerned with the U.S. offer to open negotiations with the USSR which was made at the time of the NATO decision last December to deploy a new generation of U.S.-made Pershing II and Cruise missiles in Europe as part of the Theatre Nuclear Forces modernisation programme.

Informal indications by Moscow that it is prepared to take part in the new round of talks are being viewed inside NATO as a perceptible softening in the Soviet Union's position.

Until now the USSR has insisted that it would not negotiate until the NATO alliance suspended its decision to introduce the new missiles.

Midland Bank Continued from Page 1

of China to finance UK exports to the country. Last year, Britain sold goods worth £213m to China and imported £138m worth.

Midland also signed a five year $100m Eurocurrency loan with the Bank of China in March 1979, while its Midland and International Banks (MAIBL) associate arranged a $175m loan for the country around the same time.

Mr. David Markham, who will become Midland's Peking representative next month, said most of the office's activities would concern the development of British exports and their finance.

But there would also be emphasis on joint ventures between British and Chinese enterprises, following China's decision at the recent National People's Congress to set the relevant taxes at a level designed to encourage their establishment.

Mr. Markham, who was the bank's representative in Tehran, said Midland would decide later if it wanted to open offices in other cities in China.

Petrol price discount for retailers

BY RAY DAFTER, ENERGY EDITOR

THE PETROL price war entered a new phase yesterday with Shell and Esso, two of the UK market leaders, giving a discount of up to 2p a gallon to selected retailers.

The move, expected to be followed by other big oil groups, is designed to bolster the profit margins of retailers in particularly competitive areas. In these regions petrol prices have fallen by several pence a gallon in the last two months, squeezing dealer margins.

However, at least some of the thousands of retailers which are to be helped are likely to pass on a proportion of the discount through lower pump prices, either as a defensive measure against price-cutting by independent retailers, or in an attempt to increase their market shares.

The "temporary support," as it is being called, follows the "temporary sales allowance" price cuts introduced last month by the big petrol distributors. Petrol prices dropped by 2p a gallon as a result of a 1.73p a gallon cut in wholesale tariffs. The oil companies said they would review that temporary concession this month or next.

The average price of four star petrol has now fallen to about £1.29-£1.31 a gallon, against £1.34-£1.35 a gallon in July. The range of prices has widened considerably, reflecting the degree of competition in particular areas. For example, oil companies report that a garage in the Wirral is selling petrol for about £1.20 a gallon while a petrol station in Devon is said to be charging nearer £1.50.

Much of the keenest pricing competition is to be found in the North West, the North East and the Midlands, where motorists are benefiting from relatively cheap spot market cargoes passing through independent traders. It is in these areas in particular that the new discounts are being given.

Esso, which has 5,000 outlets and a fifth of the UK petrol market, said the intention was to help dealers in particularly competitive areas which found their margins under pressure.

"It is meant to ease the retailers' problems; it is not designed to be passed on to consumers," the company said. The discounts were being provided to all Esso retailers in designated areas, mainly conurbations.

Shell, which also has a 20 per cent market share, said it had been supporting more than 500 self-service sites with special rebates. The company would now discount the price of petrol delivered from selected terminals. This scheme would cover more petrol stations and be simpler to operate, Shell added.

British Petroleum, third in the marketplace, said it was considering pricing action. Mobil, another important petrol supplier, commented: "We are taking a close interest in the situation although we have no immediate plans for following Esso."

Texaco, with 2,112 outlets, said it was already giving support to a number of retailers and it expected to extend this practice shortly.

Behind the pricing battle is the struggle of oil companies for market shares in one of the very few growth sectors in the oil products market. In spite of the high prices—four-star petrol cost 80p a gallon at the beginning of last year—sales are expected to increase by 3 per cent this year. According to latest industry estimates, petrol sales in July were 4.3 per cent up on a year before.

● Lynton McLain writes: The volume of motor traffic on Britain's roads rose by 2½ per cent in the second quarter of this year compared with April-June, 1979, despite last year's rise in fuel prices.

Provisional figures from the Transport Department yesterday show that motorway traffic rose even faster, with a 4 per cent rise on the same period last year.

However, the effects of the recession show up in the figures for light van traffic, up by only 1½ per cent, and in heavy goods traffic, down by 4½ per cent over the period.

State role urged in microelectronics, Page 8

OPEC seeks index system agreement

BY RICHARD JOHNS AND MARTIN DICKSON IN VIENNA

DESPERATE ATTEMPTS to reach unanimous agreement on a price-indexing system were being made last night by the Organisation of Petroleum Exporting Countries.

Iran and Libya were still refusing to accept recommendations contained in a report on long-term strategy drawn by the Ministerial committee chaired by Sheikh Ahmed Zaki Yamani, Saudi Arabian Oil Minister.

There were indications that Algeria, the other recalcitrant, might agree with proposals for a mechanism under which prices would rise automatically, in line with inflation of Western exports, currency fluctuations and the growth of industrial countries.

The three members have pressed for a system guaranteeing higher oil prices than those envisaged in the draft of the report finalised by Sheikh Yamani last week.

Failure to agree could wreck the hope for agreement of the majority of members, particularly Iraq and Saudi Arabia, before the OPEC 20th anniversary summit, scheduled to take place in Baghdad early in November.

The normally optimistic Sr. Humberto Calderon Berti, Venezuelan Energy Minister, warned that President Luis Herrera Campins would not attend "unless there are concrete decisions to be made there."

He said: "The summit should not consist merely of solemn declarations which did not contain any substance."

Iran has already asserted that it will not attend. Its refusal has nothing to do with OPEC policies, and arises from its bitter hostility to Iraq, host of the summit.

The Tri-Ministerial Conference — grouping Finance, Foreign and Oil Ministers—must first approve some formula for indexation, if the strategy report is to be adopted.

At a full plenary session started last night, senior officials and experts had failed to devise a formula on indexation satisfying Iran and Libya.

The strategy report is intended to provide guidelines for a resumption of the north-south dialogue, in which oil producers would attempt to secure a better deal for other developing countries.

Dr. Mana Said al Otaiba, United Arab Emirates, Minister of Petroleum, said that broad consensus had been reached on a dual approach.

First, there should be a comprehensive discussion embracing all the world's economic problems under United Nations auspices.

Second, the oil producers should have separate, more specialised negotiations, with representatives of industrialised countries in a framework yet to be decided.

Fork-lift company seeks deal in Japan

By Hazel Duffy, Industrial Correspondent

COVENTRY CLIMAX, the fork-lift truck subsidiary of BL, is having talks this week in Japan with the NYK company about possible areas of co-operation. This would be the second time BL has turned to Japan in an attempt to hold on to falling markets—the first being the agreement with Honda on the development of the Bountycar.

Mr. David Abell, managing director of Leyland Vehicles, to whom Coventry Climax reports, has given full approval for the current session of talks. They follow a visit earlier this year to Coventry Climax by a group of Japanese lift truck manufacturers, including NYK.

Discussions include the possibility that Coventry Climax should add NYK trucks to its range both in the UK and also in third markets. Some form of joint venture, whereby the Japanese would invest in the UK, also is believed to be a possibility.

Although Coventry Climax has undertaken a substantial investment programme over the past four years, its production facilities in the Coventry area still need considerable modernisation.

NYK (Nippon Yosuki) is a small company which has trading links with Mitsubishi, but has made few inroads into the UK market. It specialises in electric, counterbalanced and reach trucks of up to 5,000 lbs capacity. The company used to manufacture under licence from Lansing Bagnall, but the agreement has now expired.

A co-operation deal with Japan would be sure to arouse criticism in the UK industry. The traditional strength of British companies like Lansing Bagnall and Coventry Climax in their home market is being undermined by sharply rising imports over the past couple of years.

Industry estimates put the level of import penertation at well over 40 per cent in the current year, compared to less than 30 per cent two years ago.

Although Japanese imports are below those from West Germany and Sweden, the leading companies—Komatsu, Toyota, Mitsubishi and Datsun—are expanding their sales rapidly.

But Mr. Patrick Lister, managing director of Coventry Climax, says: "We have to take a long term view on how we can protect our position in the UK market."

Coventry Climax made only a small profit last year, after production was disrupted by internal and external strikes. A decline in the overall market and the strength of imports this year have led to the company making generous offers to attract customers.

It has made 10-15 per cent of its 2,800 employees redundant this year, and is almost certainly making a loss.

BL on short-time, Page 8

Weather

UK TODAY

Sunny periods and showers, some heavy.

All England (except N.W.), Channel Isles and Wales: Sunny periods, scattered showers. Max. 19C (66F).

N.W. England, S. and Central Scotland, N. Ireland, Isle of Man: Sunny intervals, heavier showers and possible thunder. Max. 18C (64F).

Rest of Scotland: Cloudy, some prolonged rain. Max. 15C (59F).

Outlook: Unsettled. Rather cool in North.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Lisbon	S	31	88
Algiers	S	27	81	Locarno	S	22	72
Amsdm.	F	20	68	London	R	17	63
Athens	S	27	81	Luxmbg.	S	18	64
Bahrain	S	34	93	Luxor	S	37	99
Barclna.	S	26	79	Madrid	F	27	81
Beirut	F	28	82	Majorca	S	27	81
Belgrd.	S	19	66	Malaga	F	26	79
Berlin	S	17	63	Malta	F	28	82
Biarritz	S	27	81	M'chstr.	C	17	63
Bmghm.	F	17	63	Melbne.	S	19	66
Blackp'l	R	16	61	Milan	S	23	73
Bordx.	S	27	81	Mntreal.	S	10	50
Boulgn.	F	20	68	Moscow	C	14	57
Bristol	C	18	64	Munich	S	19	66
Brussels	S	20	68	Nairobi	F	24	75
Budpst.	F	18	64	Naples	F	25	77
Cairo	S	31	88	Nwcstl.	C	19	66
Casb hmg33		e	e	N. York	S	16	61
Casbca	F	33	91	Nice	F	22	72
Cape T.	S	17	63	Nicosia	S	27	81
Cologne	S	20	68	Oporto	F	27	81
Conhgn.	S	16	61	Oslo	C	12	54
Corfu	S	28	82	Paris	S	23	73
Dublin	S	18	64	Perth	C	15	59
Dbrvnk.	S	27	81	Prague	C	16	61
Ednbgh.	R	16	61	Reykjvk.	C	9	48
Faro	S	27	81	Rhodes	S	28	82
Florence	S	27	81	Rome	S	25	77
Frankf't	S	20	68	Salzbrg.	S	21	70
Funchal	F	25	77	Singapr.	C	32	90
Geneva	S	19	66	Stckhm.	C	16	61
Gibrltr.	F	27	81	Strasbg.	S	20	68
Glasgow	C	15	59	Sydney	S	22	72
G'rnsey	C	17	63	Tangier	F	30	86
Helsinki	C	13	55	Tel Aviv	S	27	81
H. Kong	C	29	84	Tenerife	S	24	75
Innsbrk.	S	22	72	Tokyo	S	28	82
Invrnss	C	15	59	Tunis	F	26	79
I.o Man	C	14	57	Valencia	S	28	82
Istanbul	C	21	70	Venice	S	23	73
Jersey	F	18	64	Vienna	S	16	61
Jo'burg	C	21	70	Warsaw	S	20	68
L. Plms.	S	27	81	Zurich	S	20	68

C—Cloudy. F—Fair. R—Rain. S—Sunny

هكذا من الأصل

THE LEX COLUMN

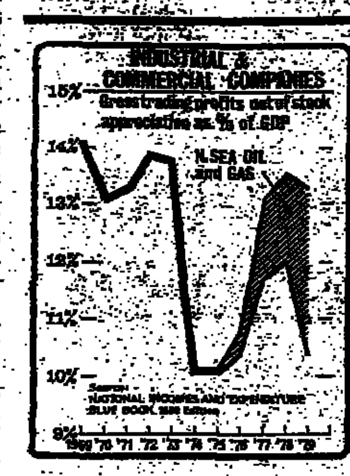
When profits grow in retrospect

That UK company profitability has been on a sharply downward trend is part of the received wisdom of economists and financial analysts. And there is no doubt that at present companies are going through a very nasty time; some early estimates of profits during the dismal second quarter are due to be released by the Central Statistical Office next week. But a new look at the whole subject of corporate returns is called for in the light of the annual national income and expenditure Blue Book in which the CSO again revises its previous profits estimates sharply higher.

To take an example, gross trading profits of industrial and commercial companies net of stock appreciation in 1978 appeared as £16.4bn in last year's Blue Book. Last spring the CSO announced that because the Inland Revenue had failed to allow properly for the impact of stock appreciation relief in the years since 1975 there had been substantial upward revisions. The 1978 figure was put up to £18.4bn. Now there has been still another rethink, boosting gross trading profits to £19.6bn. A similar adjustment has been made to the 1979 estimate first given as £19.8bn; this has been increased by a tenth to £21.8bn. Corresponding changes have been made to the figures for the financial deficit of the industrial and commercial company sector, which was first given as a worrying £4.7bn for 1979 but has now retrospectively shrunk to a much more manageable £3.4bn.

There is now no obvious downtrend in the share of gross domestic product represented by industrial and commercial company profits over the past decade. It remains true, however, that recent figures for the sector have been boosted by North Sea oil and gas profits which are estimated at some £4.7bn for 1979 (more than a fifth of the total). Non-oil profits are being squeezed. Even so, on a share of GDP basis non-oil profitability is no worse than in the mid-1970s. Maybe the 1980 estimates will tell a far worse story—but it will be just as well to let the statisticians chew them over for a few years before jumping to any conclusions.

Index fell 2.4 to 498.3



Money markets

Money market dealers are clearly expecting that today's monthly bank make-up day will produce a repeat of last month's reserve asset squeeze, if not on quite the same scale. Today's overnight money was quoted yesterday at 17½ per cent, and the discount houses seemed confident that they would be able to attract call money—which counts as a reserve asset—as low as 14 per cent.

The Bank of England will presumably be anxious to avoid letting the overnight interbank rate rise to levels which might encourage corporate treasurers to draw on their overdrafts to lend on in the money market. This would inflate the September money figures, which the Government will be relying on to provide a good excuse for a cut in interest rates.

Apart from the return of a few more bills to the banking system anecdotal evidence suggests—for what it is worth—that private sector credit demand this month may have been relatively subdued. But those with long memories may remember that last September's bank lending figure was also deceptively low, before the flood-gates burst in banking in October.

Willis Faber

The news that Willis Faber's half-time profits have risen 19 per cent from £10.1m to £11.9m pre-tax brought some red faces and sharply rising share prices to the insurance broking sector of the stock market yesterday. Last week, Sedgwick kicked off the interim reporting season with profits nearly down a tenth. The strength of sterling and the highly competitive state of the world's insurance markets had led some analysts to project an even sharper decline at Willis.

In the event, its shares rose 15p to 248p while the sector rose by over 4 per cent on a dull day for share prices generally.

Howevery it seems likely that the upturn at Willis may prove the exception rather than the rule among brokers this year. Its financial performance recently has been uninspiring. And the improvement now seems to have at least as much to do with its own organisation as with changes in the market place generally. Willis has seen some pick up in marine and aviation business, but there is little evidence yet of any fundamental improvement in insurance rates.

A 16 per cent rise in gross income to £28.8m certainly looks impressive, considering that currency translation differences knocked the figures by over £1m. Investment income played a big part in that increase. The associates, including Morgan Grenfell, have also helped with profits nearly a third higher at £2.4m.

The group now seems confident that its expense ratio is set to improve steadily over the years, thanks to its recent investment in computer-based accounting system. Profits this year could rise from £17.2m to perhaps £19.5m pre-tax, in which case the dividend could rise by 9 per cent (as at the interim) and be roughly twice covered. A prospective yield of 7 per cent and fully taxed p/e of under 11 justifies yesterday's share price increase.

Hanson Trust

Hanson Trust is not one to pass up the chance of a spot of innovative financing—witness its rights issue at par last year, just before the £27m acquisition of Lindustries. Now it is coming out with a $25m convertible bond which looks to be the first move towards gathering its strength for another U.S. takeover. Hanson has been rather quiet on this front since the abortive attempt on Barber Oil last autumn; $25m is not a large sum in the context of a group capitalised at £190m (so the eventual conversion will not cause much dilution) but it would provide a useful platform from which to launch a bid. Debt less cash in the last Hanson balance sheet was £22m.

Hanson has released figures for the nine months to June which show a third quarter profit of £10.9m pre-tax against £8.5m—the same rate of growth as in the first half. Lindustries is apparently covering its financing costs with a fair bit to spare, and overall the performance looks good. At 177p, nearly 50 per cent above the year's low, Hanson shares yield a historic 6½ per cent, about 3 points less than the likely yield on the convertible.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.